

**State:** Pennsylvania  
**TOI/Sub-TOI:** LTC03I Individual Long Term Care/LTC03I.001 Qualified  
**Product Name:** Assurity Balance  
**Project Name/Number:** /

**Filing Company:** Assurity Life Insurance Company

## Filing at a Glance

Company: Assurity Life Insurance Company  
Product Name: Assurity Balance  
State: Pennsylvania  
TOI: LTC03I Individual Long Term Care  
Sub-TOI: LTC03I.001 Qualified  
Filing Type: Rate - M.U. (Medically underwritten)  
Date Submitted: 11/10/2022  
SERFF Tr Num: LFCR-133460458  
SERFF Status: Closed-Approved  
State Tr Num: LFCR-133460458  
State Status: Approved  
Co Tr Num: PA ASSURITY 2022 RATE INCREASE

Effective: On Approval  
Date Requested:  
Author(s): Scarlett Nazari, Anoush Chngidakyan, Dianne Bowdish  
Reviewer(s): Sean Carmody (primary), Jim Lavery  
Disposition Date: 12/27/2022  
Disposition Status: Approved  
Effective Date:

### State Filing Description:

Proposed aggregate 95.31% increase on 12 PA policyholders of Assurity Life forms AL2100P-PA and AL2102P-PA.

**State:** Pennsylvania **Filing Company:** Assurity Life Insurance Company  
**TOI/Sub-TOI:** LTC03I Individual Long Term Care/LTC03I.001 Qualified  
**Product Name:** Assurity Balance  
**Project Name/Number:** /

## General Information

Project Name:	Status of Filing in Domicile: Pending
Project Number:	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Individual
Submission Type: New Submission	Individual Market Type:
Overall Rate Impact:	Filing Status Changed: 12/27/2022
	State Status Changed: 12/27/2022
Deemer Date:	Created By: Dianne Bowdish
Submitted By: Dianne Bowdish	Corresponding Filing Tracking Number:
	State TOI: LTC03I Individual Long Term Care

Filing Description:

Please see Transmittal Letter in Supporting Documentation

## Company and Contact

### Filing Contact Information

Scarlett Nazari, Manager Product Filing	scarlett.nazari@lifecareassurance.com
P.O. Box 4243	818-867-2453 [Phone]
Woodland Hills, CA 91365-4243	818-867-2508 [FAX]

### Filing Company Information

(This filing was made by a third party - LCA01)

Assurity Life Insurance Company	CoCode: 71439	State of Domicile: Nebraska
Long Term Care Administrative	Group Code:	Company Type:
Office	Group Name: Assurity Security	State ID Number:
P.O. Box 4243	Grp	
Woodland Hills, CA 91365-4243	FEIN Number: 38-1843471	
(818) 867-2450 ext. [Phone]		

**SERFF Tracking #:** LFCR-133460458

**State Tracking #:** LFCR-133460458

**Company Tracking #:** PA ASSURITY 2022 RATE  
INCREASE

**State:** Pennsylvania

**Filing Company:** Assurity Life Insurance Company

**TOI/Sub-TOI:** LTC03I Individual Long Term Care/LTC03I.001 Qualified

**Product Name:** Assurity Balance

**Project Name/Number:** /

## Filing Fees

### State Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Assurity Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Assurity Balance		
<b>Project Name/Number:</b>	/		

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Sean Carmody	12/27/2022	12/27/2022

### Objection Letters and Response Letters

#### Objection Letters

Status	Created By	Created On	Date Submitted
Disapproved	Jim Lavery	11/22/2022	11/22/2022

#### Response Letters

Responded By	Created On	Date Submitted
Dianne Bowdish	12/07/2022	12/08/2022

<b>SERFF Tracking #:</b>	LFCR-133460458	<b>State Tracking #:</b>	LFCR-133460458	<b>Company Tracking #:</b>	PA ASSURITY 2022 RATE INCREASE
<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Assurity Life Insurance Company		
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
<b>Product Name:</b>	Assurity Balance				
<b>Project Name/Number:</b>	/				

## Disposition

Disposition Date: 12/27/2022

Effective Date:

Status: Approved

Comment: Dec 27, 2022

Scarlett Nazari, Manager Product Filing  
Assurity Life Insurance Company  
P.O. Box 4243  
Woodland Hills, CA 91365-4243

RE: Proposed aggregate 95.31% increase on 12 PA policyholders of Assurity Life forms AL2100P-PA and AL2102P-PA.  
Pennsylvania Insurance Department ID # LFCR-133460458

Dear Scarlett Nazari:

The Department approves the requested increase (i.e. a 25% premium rate increase in each of Year 1, Year 2, and Year 3) on the above captioned forms.

Sincerely,

Sean Carmody  
Actuarial Associate  
Bureau of Accident & Health Insurance

<b>Company Name:</b>	<b>Overall % Indicated Change:</b>	<b>Overall % Rate Impact:</b>	<b>Written Premium Change for this Program:</b>	<b>Number of Policy Holders Affected for this Program:</b>	<b>Written Premium for this Program:</b>	<b>Maximum % Change (where req'd):</b>	<b>Minimum % Change (where req'd):</b>
Assurity Life Insurance Company	95.310%	95.310%	\$25,832	12	\$27,102	95.310%	95.310%

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Assurity Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Assurity Balance		
<b>Project Name/Number:</b>	/		

Schedule	Schedule Item	Schedule Item Status	Public Access
Rate	Assurity PA Rate Table		Yes
Supporting Document	Transmittal Letter (A&H)		Yes
Supporting Document	Actuarial Certification (A&H)		Yes
Supporting Document	Actuarial Memorandum and Explanatory Information (A&H)		Yes
Supporting Document	Advertisements (A&H)		Yes
Supporting Document	Authorization to File (A&H)		Yes
Supporting Document	Insert Page Explanation (A&H)		Yes
Supporting Document	Rate Table (A&H)		Yes
Supporting Document	Replacement Form with Highlighted Changes (A&H)		Yes
Supporting Document	Advertisement Compliance Certification		Yes
Supporting Document	Reserve Calculation (A&H)		Yes
Supporting Document	Variability Explanation (A&H)		Yes
Supporting Document	PA Response Letter 11 22 22		Yes
Supporting Document	PA Response Attachments 11 22 22		Yes
Supporting Document	Policy Forms and All Associated Riders		Yes
Supporting Document	2022 Rate Increase Letter (3-Phase Version)		Yes

**State:** Pennsylvania  
**TOI/Sub-TOI:** LTC03I Individual Long Term Care/LTC03I.001 Qualified  
**Product Name:** Assurity Balance  
**Project Name/Number:** /

**Filing Company:** Assurity Life Insurance Company

## Objection Letter

Objection Letter Status Disapproved  
Objection Letter Date 11/22/2022  
Submitted Date 11/22/2022  
Respond By Date

Dear Scarlett Nazari,

**Introduction:**

November 22, 2022

Scarlett Nazari, Manager Product Filing  
Assurity Life Insurance Company  
P.O. Box 4243  
Woodland Hills, CA 91365-4243

RE: Proposed aggregate 95.31% increase on 12 PA policyholders of Assurity Life forms AL2100P-PA and AL2102P-PA.  
Pennsylvania Insurance Department ID # LFCR-133460458

Dear Scarlett Nazari:

The captioned filing has been reviewed by the Pennsylvania Insurance Department. It has been determined that the filing fails to meet the requirements of our Insurance Company Laws or regulations and is therefore disapproved pursuant to the authority granted under Section 304(a) of Act 134, the Accident and Health Filing Reform Act. In the event you have any questions regarding the stated concerns, please feel free to contact the Department for further clarification.

The disapproved filing may be resubmitted within 120 days of the date of disapproval. If the Department does not hear from you within 120 days, the subject filing will be permanently closed. Such filings resubmitted after 120 days must be submitted as a new filing, inclusive of appropriate filing fees and disclosure of the closed filing SERFF tracking number.

Please furnish the following information to the Department.

1. Please provide a copy of the contract language for policy forms AL2100P-PA and AL2102P-PA and all of the associated riders.
2. Please provide your best estimate of the date when the first letter will be mailed informing policyholders of this premium increase.
3. Please confirm that there has been no prior increase on this block in any state.
4. Please provide a seriatim listing of the affected policies in this block in Excel. Each record within the worksheet must contain the policy's unique identification number, form number, issue age, issue date, inflation status indicator, benefit period, current annual premium, and requested premium increase in each year of the proposed implementation period.

The Department has the following premium increase guidelines: (i) the annual increase on any policyholder should be limited to 30%, (ii) the staging period of the increase should be limited to no more than four years, and (iii) the aggregate increase (weighted upon the current premium column vector in the Excel seriatim policy listing) must be under 100%.

5. Please provide the letter that will be sent to policyholders to inform them of the increase and their available options.

6. Section #3 of the actuarial memo states the following: "A rate increase is necessary at this time due to higher anticipated future

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<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Assurity Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
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<b>Project Name/Number:</b>	/		

and lifetime loss ratios. The higher loss ratios result from a combination of lower lapse, lower death, longer claim continuance, and lower investment earnings on the assets.”

Please discuss further the adverse morbidity and persistency experience that resulted in the need for the current rate increase. In particular, discuss re-pricing assumptions that have changed from the last increase approved nationwide, discuss any changes due to internal experience studies, and discuss any changes due to updated consultant data.

7. Has Covid 19 been factored into your projections?

8. The cover memo states that the policyholder may ” [c]hange benefit options to lower the premium”. Can a policyholder increase his elimination period, shorten his benefit period, and drop riders?

9. Have you included a margin for adverse experience in your projected claims? Is the margin uniform or does it vary in some way? Please explain.

10. Exhibit A indicates that medical necessity is one of the benefit triggers. Is this a non-TQ policy?

Sincerely,

James Laverty, FSA, MAAA  
Actuary  
Bureau of Accident & Health Insurance

**Conclusion:**

Sincerely,  
Jim Laverty



<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Assurity Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Assurity Balance		
<b>Project Name/Number:</b>	/		

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	12/07/2022
Submitted Date	12/08/2022

*Dear Sean Carmody,*

### **Introduction:**

### **Response 1**

#### **Comments:**

*Please see the PA Response Letter 11 22 22, PA Response Attachments 11 22 22, Policy Forms and All Associated Riders, and 2022 Rate Increase Letter (3-Phase Version). Thank you.*

### **Changed Items:**

*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	PA Response Letter 11 22 22
<b>Comments:</b>	
<b>Attachment(s):</b>	PA Response Letter 11 22 22.pdf

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	PA Response Letter 11 22 22
<b>Comments:</b>	
<b>Attachment(s):</b>	PA Response Letter 11 22 22.pdf

<b>Satisfied - Item:</b>	PA Response Attachments 11 22 22
<b>Comments:</b>	
<b>Attachment(s):</b>	PA Response Attachments 11 22 22.xlsx

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Assurity Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Assurity Balance		
<b>Project Name/Number:</b>	/		

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	PA Response Letter 11 22 22
<b>Comments:</b>	
<b>Attachment(s):</b>	PA Response Letter 11 22 22.pdf
<b>Satisfied - Item:</b>	PA Response Attachments 11 22 22
<b>Comments:</b>	
<b>Attachment(s):</b>	PA Response Attachments 11 22 22.xlsx
<b>Satisfied - Item:</b>	Policy Forms and All Associated Riders
<b>Comments:</b>	
<b>Attachment(s):</b>	AL2100P-PA.pdf AL2102P-PA.pdf AL2100R-CBI-PA.pdf AL2100R-FDC-PA.pdf AL2100R-F-IND-PA.pdf AL2100R-IND-PA.pdf AL2100R-ROB-PA.pdf AL2100R-ROP-PA.pdf AL2100R-SBA-PA.pdf AL2100R-SBI-PA.pdf AL2100R-SBN-PA.pdf AL2100R-MTH-PA.pdf AL2100R-WOP-PA.pdf

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Assurity Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Assurity Balance		
<b>Project Name/Number:</b>	/		

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	PA Response Letter 11 22 22
<b>Comments:</b>	
<b>Attachment(s):</b>	PA Response Letter 11 22 22.pdf
<b>Satisfied - Item:</b>	PA Response Attachments 11 22 22
<b>Comments:</b>	
<b>Attachment(s):</b>	PA Response Attachments 11 22 22.xlsx
<b>Satisfied - Item:</b>	Policy Forms and All Associated Riders
<b>Comments:</b>	
<b>Attachment(s):</b>	AL2100P-PA.pdf AL2102P-PA.pdf AL2100R-CBI-PA.pdf AL2100R-FDC-PA.pdf AL2100R-F-IND-PA.pdf AL2100R-IND-PA.pdf AL2100R-ROB-PA.pdf AL2100R-ROP-PA.pdf AL2100R-SBA-PA.pdf AL2100R-SBI-PA.pdf AL2100R-SBN-PA.pdf AL2100R-MTH-PA.pdf AL2100R-WOP-PA.pdf
<b>Satisfied - Item:</b>	2022 Rate Increase Letter (3-Phase Version)
<b>Comments:</b>	
<b>Attachment(s):</b>	2022 Rate Increase Letter (3-Phase Version).pdf

**Conclusion:**

Sincerely,  
Dianne Bowdish

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Assurity Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Assurity Balance		
<b>Project Name/Number:</b>	/		

## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	SERFF
<b>Rate Change Type:</b>	Increase
<b>Overall Percentage of Last Rate Revision:</b>	%
<b>Effective Date of Last Rate Revision:</b>	
<b>Filing Method of Last Filing:</b>	
<b>SERFF Tracking Number of Last Filing:</b>	

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Assurity Life Insurance Company	95.310%	95.310%	\$25,832	12	\$27,102	95.310%	95.310%

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Assurity Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Assurity Balance		
<b>Project Name/Number:</b>	/		

## Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Assurity PA Rate Table	AL2100P-PA, AL2102P-PA	New		Assurity PA Rate Table.xlsx,

<b>SERFF Tracking #:</b>	LFCR-133460458	<b>State Tracking #:</b>	LFCR-133460458	<b>Company Tracking #:</b>	PA ASSURITY 2022 RATE INCREASE
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<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Assurity Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Assurity Balance		
<b>Project Name/Number:</b>	/		

***Attachment Assurity PA Rate Table.xlsx is not a PDF document and cannot be reproduced here.***

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Assurity Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Assurity Balance		
<b>Project Name/Number:</b>	/		

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Transmittal Letter (A&H)
<b>Comments:</b>	
<b>Attachment(s):</b>	Assurity Rate Filing Cover Letter PA.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Actuarial Certification (A&H)
<b>Bypass Reason:</b>	See Actuarial Memo
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Memorandum and Explanatory Information (A&H)
<b>Comments:</b>	
<b>Attachment(s):</b>	Assurity Rate Increase Act Memo w Attachment PA.pdf Assurity Rate Increase Act Memo Attachment PA.xlsx
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Advertisements (A&H)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Authorization to File (A&H)
<b>Comments:</b>	
<b>Attachment(s):</b>	Assurity LifeCare 2022 Authorization.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Insert Page Explanation (A&H)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	

<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Assurity Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Assurity Balance		
<b>Project Name/Number:</b>	/		

<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Rate Table (A&H)
<b>Comments:</b>	Rate Table is attached in the Rate/Rule Schedule
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Replacement Form with Highlighted Changes (A&H)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Advertisement Compliance Certification
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Reserve Calculation (A&H)
<b>Bypass Reason:</b>	Please see Rate/Rule Schedule
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Variability Explanation (A&H)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	PA Response Letter 11 22 22
<b>Comments:</b>	
<b>Attachment(s):</b>	PA Response Letter 11 22 22.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	



<b>State:</b>	Pennsylvania	<b>Filing Company:</b>	Assurity Life Insurance Company
<b>TOI/Sub-TOI:</b>	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
<b>Product Name:</b>	Assurity Balance		
<b>Project Name/Number:</b>	/		

<b>Satisfied - Item:</b>	PA Response Attachments 11 22 22
<b>Comments:</b>	
<b>Attachment(s):</b>	PA Response Attachments 11 22 22.xlsx
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Policy Forms and All Associated Riders
<b>Comments:</b>	
<b>Attachment(s):</b>	AL2100P-PA.pdf AL2102P-PA.pdf AL2100R-CBI-PA.pdf AL2100R-FDC-PA.pdf AL2100R-F-IND-PA.pdf AL2100R-IND-PA.pdf AL2100R-ROB-PA.pdf AL2100R-ROP-PA.pdf AL2100R-SBA-PA.pdf AL2100R-SBI-PA.pdf AL2100R-SBN-PA.pdf AL2100R-MTH-PA.pdf AL2100R-WOP-PA.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	2022 Rate Increase Letter (3-Phase Version)
<b>Comments:</b>	
<b>Attachment(s):</b>	2022 Rate Increase Letter (3-Phase Version).pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

State:	Pennsylvania	Filing Company:	Assurity Life Insurance Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	Assurity Balance		
Project Name/Number:	/		

***Attachment Assurity Rate Increase Act Memo Attachment PA.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment PA Response Attachments 11 22 22.xlsx is not a PDF document and cannot be reproduced here.***



LifeCare Assurance Company  
LifeCare Administrators  
21600 Oxnard Street, Suite 1500  
Post Office Box 4243  
Woodland Hills, CA 91367  
(818) 887-4436 / Fax (818) 887-4595

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November 7, 2022

Mike Humphreys, Acting Commissioner  
Pennsylvania Insurance Department  
1326 Strawberry Square  
Harrisburg, Pennsylvania 17120

Re: Assurity Life Insurance Company  
NAIC No: 71439  
Policy Form: Long Term Care Insurance Policy AL2100P-PA, AL2102P-PA

Dear Acting Commissioner Mike Humphreys:

This rate filing is submitted on behalf of Assurity Life Insurance Company (the “company”) for your review.

Individual policy forms AL2100P-PA and AL2102P-PA, issued from 2008 to 2011, provide benefits for confinement in a qualified Nursing Facility, Assisted Living Facility, or for Home and Community Based Care. These policy forms are no longer marketed in any state.

The company is requesting the approval of a uniform three-year phase in flat increase of 25% each year on the current base rates, resulting in a cumulative 95.3% increase. The details of the rate increase are in the actuarial memorandum submitted with this cover letter.

The company will provide the following options to the policyholders to reduce the impact of the rate increase:

- Reduce the daily benefits, subject to a minimum of \$40
- Change benefit options to lower the premium
- Offer a paid-up option which provides a benefit pool equal to the premiums paid

The following items are included in this submission:

- This cover letter
- A letter from Assurity Life Insurance Company authorizing us to submit this filing on their behalf
- An actuarial memorandum and rate schedules
- Any other state required form



LifeCare Assurance Company  
LifeCare Administrators  
21600 Oxnard Street, Suite 1500  
Post Office Box 4243  
Woodland Hills, CA 91367  
(818) 887-4436 / Fax (818) 887-4595

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The contact person for this filing is:

Phillip Oh, FSA, MAAA  
Consulting Actuary  
21600 Oxnard Street, Suite 1500  
Woodland Hills, CA 91367  
800-366-5463 ext. 2264  
[Phillip.Oh@LifeCareAssurance.com](mailto:Phillip.Oh@LifeCareAssurance.com)

Thank you for your assistance in reviewing this filing.

Sincerely,

A handwritten signature in black ink, appearing to be "P. Oh", with a long horizontal line extending to the right.

Phillip Oh, FSA, MAAA  
Consulting Actuary

**Assurity Life Insurance Company**

**Home Office: P.O. Box 82533 Lincoln, Nebraska 68501-2533**

**Company NAIC No. 71439**

**Administrative Office: Post Office Box 4243**

**Woodland Hills, California 91365-4243**

**Actuarial Memorandum**

November 2022

**Long Term Care Insurance Policy**

**AL2100P-PA**

**Franchise Long Term Care Insurance Policy**

**AL2102P-PA**

Assurity Life Insurance Company is requesting a rate increase on the above listed long-term care (LTC) policy forms. The Company issued these policy forms in Pennsylvania from 2008 to 2011. They provide benefits for confinement in a qualified Nursing Facility, Assisted Living Facility, or for Home and Community Based Care. The policy forms are referred to as 'AL2100' in this memorandum. It is no longer being marketed in any state.

**1. Purpose of Filing**

This actuarial memorandum has been prepared for the purpose of demonstrating that the requested rate increase meets the minimum requirements of the 2014 National Association of Insurance Commissioners (NAIC) Long-Term Care Insurance Model Regulation and the applicable regulatory requirements of this jurisdiction. It may not be suitable for other purposes.

**2. Scope of Filing**

This filing applies to the Company's LTC policy forms as specified above. These forms provide daily benefits for qualified long-term care services in various settings, as summarized in Exhibit A, when the insured meets policy benefit qualification requirements.

The forms included in this filing are individual LTC policies that are guaranteed renewable for life, subject to the Company's right to change premium rates.

These policy forms were issue age rated and fully underwritten. The issue ages were from 18 to 84 on an age nearest birthday basis. Strict underwriting criteria were administered with the use of various underwriting tools in addition to the application, which may have included medical records, an attending physician's statement, telephone interview and/or face-to-face assessment.

These policy forms were marketed by individual insurance producers who primarily sell on an individual basis.

**Assurity Life Insurance Company**

**Home Office: P.O. Box 82533 Lincoln, Nebraska 68501-2533**

**Company NAIC No. 71439**

**Administrative Office: Post Office Box 4243**

**Woodland Hills, California 91365-4243**

**Actuarial Memorandum**

November 2022

The proposed rate increase applies to all inforce policies as these forms are no longer being marketed. Paid-up policies will not receive a rate increase. All active 10-pay policies are paid-up, so 10-pay policies are excluded from this filing.

The number of policyholders and the annual inforce premium, as of December 2021, is displayed in Exhibit B. The exhibit also shows the average annual premium before and after the proposed rate increase.

**3. Reason for the Increase**

A rate increase is necessary at this time due to higher anticipated future and lifetime loss ratios. The higher loss ratios result from a combination of lower lapse, lower death, longer claim continuance, and lower investment earnings on the assets.

Assurity Life has been evaluating this block and updating assumptions based on the actual experience as well as the industry experience. For the policy forms specified above, the projected experience is now worse than what original pricing assumptions were projecting. The combined effect of updating the lapse, mortality, and morbidity assumptions to better reflect the actual experience, as well as industry data, resulted in the need for a rate increase.

The current premium levels are inadequate. Therefore, the Company is requesting a rate increase to help alleviate the projected adverse performance on this block of business.

**4. Requested Rate Increase**

The Company is requesting the approval of the rate table shown in Exhibit C reflecting the following increases: Three-year phase-in flat increase of approximately 25% each year on the current base rates; this is approximately a cumulative 95.3% increase on the current base rates.

The increase does not vary by issue age or other policy characteristics. The new premium for any contract is equal to the product of the contract's current premium and one plus the base premium increase percentage. Paid-

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up policies will not be affected by the rate increase.

Please see Exhibit C for rate tables reflecting the rate increase:

Exhibit C: AL2100 proposed rates

Please note that the actual rates implemented may vary slightly from those in the rate pages due to implementation rounding algorithms.

**5. History of Previous Rate Revisions**

No prior rate increase has been requested for these policy forms.

**6. Actuarial Assumptions**

**a. Interest**

The maximum valuation interest rate applicable to the years of issue has been used for accumulating historical experience and for discounting projected future experience.

Maximum Valuation Interest Rate: 4%

**b. Lapse**

The current best estimate ultimate lapse rate is assumed to be 0.50%, formulated by analyzing the trend in lapse rates of later policy durations for the reinsurer's entire similarly underwritten and administered block of LTC policies. Exhibit D shows the reinsurer's actual to expected lapse experience by duration where the expected is based on current best estimate assumptions.

**c. Mortality**

The current best estimate mortality assumptions are also based on the reinsurer's combined experience. The attained age mortality is assumed to be 100% of the 2012 IAR Table, which consists of the 2012 IAM Period Table along with the use of Scale G2 to project future mortality improvements beyond 2012, with duration selection factors, varied by joint vs. single, shown in Exhibit E1. Mortality selection factors for Single grade from 20% to 100% over 15 years while selection factors for Joint grade from 20% to 100% over 19 years.

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Exhibit E2 includes a comparison of actual deaths and expected deaths based on best estimate assumptions for the combined reinsurer's block of LTC policies.

**d. Morbidity**

The current best estimate morbidity assumptions are based on the experience of the reinsurer's entire similarly underwritten and administered block of LTC policies as well. Studies are performed for incidence, continuance, utilization, and recovery from claim data. Incidence rates by gender, marital status, and attained age have been developed.

Claim continuance rates are derived from reinsurer data that has been credibility blended with the latest industry data. Utilization factors are then applied to the claim costs, which are as follows: 85% for COLA reimbursement policies and 100% for non-COLA reimbursement policies. No underwriting selection durational factors or morbidity improvements are assumed in the projection.

Policy design features have been taken into consideration. Benefit provisions, elimination periods, benefit periods, number of units, benefit growth, etc. have been accounted for either in the development of claim costs or projection model formulas.

Exhibit F1 shows the best estimate incidence rates by gender and marital status. Exhibit F2 shows the best estimate claim continuance rates. Exhibit F3 shows the best estimate claim recovery rates.

Exhibits F4 and F5 contain the analysis of actual to expected incidence and termination respectively, with expected based on best estimate assumptions, for the combined reinsurer LTC blocks.

**e. Expenses**

Expenses have not been explicitly projected. It is assumed that the originally filed expense assumptions remain appropriate, except that commissions are not paid on the increased premium.

**f. Rate Increase Impact on Policyholder Behavior**

At the time of a rate increase, policyholders have the option to elect a Contingent Benefit Upon Lapse (CBUL) or reduced benefit options (RBO). An increase in morbidity for adverse selection due to the rate increase is also assumed based on the percentage of policyholders that elect CBUL and RBO.

Policyholders who elect a CBUL are modeled as a shock lapse. The shock lapse assumption represents policyholders who are assumed to drop their policies instead of accepting a rate increase. The RBO assumption represents policyholders who are assumed to choose to reduce benefits in order to offset all or



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some of the rate increase. The adverse selection associated with the requested increase is a function of CBUL and RBO election. The reasoning for a permanent shift in morbidity due to adverse selection is that the insureds remaining after the increase are those who choose to accept the rate increase (i.e., the insureds who think they will use the policy) and are a less healthy population (will use more benefits) than the pre-filing cohort. For those who lapse the policy, the assumption is that the insureds are healthier and less likely to need the policy as they do not value the policy enough to pay a higher premium.

The following provides approximate averages for these assumptions: 3% shock lapse, 11% RBO election rate, and 2% morbidity increase due to adverse selection.

The projections in Exhibit G assumes the 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> phase increases are expected to occur in 2023, 2024, and 2025, respectively.

The above assumptions are based on the experience of policies issued by the Company, reinsurer and industry experience, and actuarial judgment. The best estimate assumptions reflect an estimate of the most likely outcome and do not include an explicit margin for conservatism.

**7. Area Factors and Trend Assumptions**

Area factors were not used in pricing for the above-listed policy forms. As this is not medical insurance, an explicit medical cost trend is not included in the projections.

**8. Reserves**

Active life reserves have not been used in this rate increase analysis. Claim reserves as of December 31, 2021 have been discounted to the incurral date of each respective claim and included in historical incurred claims. Incurred but not reported reserve (IBNR) balances as of December 31, 2021 have been allocated to a calendar year of incurral and included in historical incurred claims. Paid claims have been discounted to the incurral date and included in historical incurred claims. Claim reserves are calculated for active and pending claimants as the present value of benefit payments discounted by interest and terminations. The IBNR is based on lag factors which are applied to the claim reserves and survivor payments based on the difference between the incurral date and the valuation date.

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**9. Past and Future Policy Experience**

Earned premiums and incurred claims for projection years 2022 through 2061 are developed from an active lives model representing actual contracts in force as of December 31, 2021. The best estimate assumptions described above for morbidity, voluntary lapse, and mortality are used to project earned premiums and incurred claims.

Nationwide historical experience and projections before and after the proposed rate increase are shown in Exhibit G.

Historical experience is shown by claim incurral year with the loss ratio for each loss year calculated by the following formula:

$$LR_j = \frac{\sum_{t=j}^{2021} Pmt_t^j \times v^{t-j} + {}_jCR_{2021} \times v^{2021-j+0.5} + {}_jIBNR_{2021} \times v^{2021-j+0.5}}{EP_j}$$

$LR_j$  = loss ratio for year  $j$

$Pmt_t^j$  = claim payments in year  $t$  on claims incurred in year  $j$ , assumed to occur midyear

${}_jCR_{2021}$  = claim reserve held on December 31, 2021 for claims incurred in year  $j$

${}_jIBNR_{2021}$  = incurred but not reported reserve as of December 31, 2021 attributable to claims incurred in year  $j$

$EP_j$  = earned premium in year  $j$ , assumed mid-year

$j$  = year of incurral

$v = 1 / 1.04 = 0.961538$

Future anticipated loss ratio is calculated, with and without interest, as anticipated incurred claims divided by earned premiums. The lifetime loss ratio as of December 31, 2021 is calculated as the sum of accumulated past experience and discounted future experience where accumulation and discounting occur at the maximum valuation interest rate.

**10. Analysis Performed**

The originally approved premium schedule was based on pricing assumptions believed to be appropriate, given industry experience available when the originally approved rate schedule was developed. The original pricing assumptions for voluntary lapse, mortality, and claim costs were as follows:

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**a. Original Pricing Ultimate Lapse**

1.0%

**b. Original Pricing Mortality**

1994 GAM

**c. Original Pricing Morbidity**

Original pricing claim costs for skilled, intermediate, and Nursing Care Benefits are derived from The Reports of the Society of Actuaries based on the 1985 National Nursing Home Survey Utilization Data in Transactions, Society of Actuaries, 1988-89-90 Reports; and the Long Term Care Intercompany Study: 1984-1991 Experience in Transactions, Society of Actuaries, 1993-94 Reports. Claim costs factors shown in the original actuarial memorandum are applied to the inforce lives and represent the expected cost per life of incurred benefits.

Joint claim cost factors:

150% of the claim costs of the average of the individual claim costs

Underwriting selection factors:

35%, 40%, 45%, 50%, 60%, 80%, 90%, 100% durations 8 & later

**d. Original Pricing Interest**

5.5%

As part of the inforce management of the business, the reinsurer and administrator of the business monitor the performance of the business by completing periodic actual-to-expected analysis for voluntary lapse, mortality, claim incidence, and claim termination. The findings from these analyses were used in projecting the inforce business to determine the effect of experience on the projected lifetime loss ratio. An analysis of the projected lifetime loss ratio based on current best estimate assumptions compared to that assumed at the time of original pricing revealed that projected experience will deteriorate.

The best estimate assumptions used in this filing (described in Section 6) are based on actual inforce experience of the Company, experience of the reinsurer's similarly underwritten and administered LTC products, industry experience, and actuarial judgment. Actual persistency and claim continuance have been higher than what were

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assumed in the original pricing.

**11. Loss Ratio Requirement Compliance Demonstration**

Exhibit G shows nationwide actual and projected experience using current best estimate assumptions. Actual experience is provided from inception through 2021 and then projected on a seriatim basis for 40 years using the current assumptions described above in Section 6. Included in Exhibit G are calendar year earned premiums, incurred claims, annual loss ratios, and cumulative loss ratios. As shown in Exhibit G, the anticipated lifetime loss ratios with the requested rate increase exceed the minimum loss ratio required by pre-rate stability regulation.

Exhibit H1 provides a demonstration that the requested rate increase meets the 58%/85% minimum loss ratio test under moderately adverse conditions as required by post-rate stability regulation. As the original pricing lifetime loss ratio 61% exceeds 58%, an alternative 58%/85% minimum loss ratio test is provided in Exhibit H2. Exhibits H1 and H2 shows that the sum of the accumulated value of incurred claims without the inclusion of active life reserves, and the present value of projected incurred claims, without the inclusion of active life reserves, will not be less than the sum of the following.

- a. Accumulated value of the initial earned premium times 58% (or 61%),
- b. 85% of the accumulated value of prior premium rate schedule increases,
- c. Present value of future projected initial earned premium times 58% (or 61%), and
- d. 85% of the present value of future projected premium in excess of the projected initial earned premium.

**12. Proposed Effective Date**

The rate increase will apply to policies on their policy anniversary date following at least a 60-day policyholder notification period after approval.

**13. Nationwide Distribution of Business as of December 31, 2021**

As of December 31, 2021, the number of policies in force that will be affected by this increase by policy form is shown in Exhibit I1 (Nationwide) and Exhibit I2 (Pennsylvania).

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**Actuarial Certification**

I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries; I meet the Academy's qualification standards for preparing health rate filings and am familiar with the requirements for filing long-term care insurance premium rate increases.

This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8 and No. 18.

The data used to develop this actuarial memorandum was provided by LifeCare Assurance Company, the administrator of the policies. I have reviewed the data for reasonableness.

To the best of my knowledge and judgment, I hereby certify that:

- this rate submission is in compliance with the applicable laws and regulations of the jurisdiction where it is filed;
- policy design, underwriting, and claims adjudication practices have been taken into consideration;
- the rates are not excessive or unfairly discriminatory and bear a reasonable relationship to the benefits based on the loss ratio standards of this jurisdiction;
- no further premium rate schedule rate increases are anticipated if the requested premium rate schedule increase is fully approved and implemented, and the underlying assumptions, with moderately adverse conditions, are realized; and
- the relationship between renewal premium rate schedules and new business premium rate schedules is not applicable because the company is no longer marketing new business in any state.



Phillip Oh, FSA, MAAA  
Consulting Actuary  
Date November 7, 2022

**Assurity Life Insurance Company**  
**Policy Form: AL-2100**

**Exhibit A: Benefit Summary**  
(Does not reflect state variations)

General Information	AL-2100
Available Coverage	Nursing Care or Home Health Care
Benefit Trigger	Medical Necessity, 2 of 6 ADL's, or Severe Cognitive Impairment
Benefit Pool	Yes
Underwriting classes	Preferred, Select, Standard, Substandard1, Substandard2
Employer/Association Group Discount	5% for all ages
Available Issue Ages	18 – 84 (age nearest birthday)
Maximum Daily Benefit Amount	\$40 to \$300 (\$10 increments)
Benefit Period	2 yrs, 3 yrs, 4 yrs, 5 yrs, 6 yrs, 10 yrs, Lifetime
Payment Options	10-Pay, 20-Pay, Lifetime
Elimination period	0, 30, 90, 180 days
Bed Reservation Benefit	Bed Reservation Benefit is payable up to 30 days per calendar year.
Respite Care	Respite Care benefit is payable up to 30 days per calendar year.
Alternative Plan of Care (APC)	The APC amount agreed upon by the insured, licensed health care practitioner and the company, divided by the daily benefit selected, equals the number of subsequent days for which additional benefits for HCBC (if selected) and FC will not be paid under the policy.
Optional Personal Care Advisor	Optional Personal Care Advisor, accessible through toll-free telephone number, is available to insured to provide assistance with any questions about their coverage. No benefits are deducted from the Benefit Amount for this service.
Optional Care Coordination	Optional Care Coordination, if after speaking with the Personal Care Advisor, the insured still requests additional care coordination, the company will arrange for a care coordinator to contact the insured. If the insured wishes, an RN will be available to assist with assessment and coordination of appropriate care and services. No benefits are deducted from the Benefit Amount for this service.
Waiver of Premium	Waiver of Premium Benefit is provided after confinement in a Long Term Care Facility for a period of 90 consecutive days.
Renewability	Guaranteed renewable for life

Riders/Endorsements	Description
Full Return of Premium Rider (ROP)	Upon the insured's death (second-to-die in the case of joint coverage) while the policy is in force the total of premiums paid, with no deduction for benefits paid, will be paid to the beneficiary. Not available with Optional Policy Surrender Rider.
Shortened Benefit Period Nonforfeiture (SBP)	This rider provides the nonforfeiture credit as adopted by the NAIC. If the policy has been in force for at least three years and lapses due to nonpayment of premiums, coverage will continue and benefits will be payable based on the daily benefits in effect on the date of lapse. No further benefit increases will occur under any Benefit Increase Rider, if attached to the policy. The Benefit Amount becomes equal to the greater of: (a) the total of premiums paid for the policy and riders; or (b) 30 times the daily benefit in effect on the date of lapse. Any benefits paid after lapse will be deducted from this new Benefit Amount. Not available with Optional Policy Surrender Rider.
Compound Benefit Increase Rider (CBI)	This rider increases the daily benefits and the remaining Benefit Amount by 5%, compounded annually. Increases are made regardless of claims status. Policy premiums may be payable on either the Standard Premium Payment or Step Rated Premium Payment Options. Step Rated Premium Payment Option is not available with the 10-pay or 20-pay premium options.
Simple Benefit Increase Rider (SBI)	This rider increases the daily benefits and the Benefit Amount annually by 5% of the dollar amounts originally issued. The remaining Benefit Amount will be increased by the same proportion as the increase in daily benefits. Increases are made regardless of claims status.
Facility Care and HCBC Indemnity Benefit Rider (IND)	This rider provides that all benefits covered under the policy will be payable on an indemnity basis at the full daily benefit selected, regardless of actual expenses incurred. This rider is not available with either the Monthly HCBC Benefit Rider or the Facility Care Only Indemnity Benefit Rider.
Facility Care Only Indemnity Benefit Rider (F-IND)	This rider provides that all benefits payable for Facility Care under the policy will be payable on an indemnity basis at the full daily benefit selected, regardless of actual expenses incurred. This rider is not available with the Facility Care and HCBC Indemnity Benefit Rider.
Monthly HCBC Benefit Rider (MTH)	This rider provides that benefits payable for HCBC under the policy will be payable on a monthly basis rather than a daily basis, times the actual number of days in that calendar month. Not available with the Facility Care and HCBC Indemnity Benefit Rider or the Facility Care Only Indemnity Benefit Rider. One of the benefit increase riders must also be selected.
Restoration of Benefits Rider (ROB)	If the policy remains in force and claims paid during a single claim period have not exceeded the Benefit Amount and the insured is not eligible for the payment of benefits for 180 consecutive days, the Benefit Amount payable will be restored. Restoration of Benefits is subject to a maximum of twice the Benefit Amount selected. Not available with Lifetime Benefit Period nor Shared Benefit Amount Rider.
HCBC Waiver of Premium Benefit Rider (WOP)	This rider waives premiums after 90 service days of HCBC. Premiums paid but not earned will be refunded on a pro-rata basis. Not available with Facility Care Only coverage.
First Day HCBC Benefit Rider (FDC)	This rider allows benefits to be paid on the first day of a claim for HCBC, regardless if a 30, 90 or 180 day elimination period is selected for FC. Not available with Facility Care Only coverage.
Shared Benefit Amount Rider (SBA)	This rider provides a shared third benefit pool on joint policies available to either or both insureds who have exhausted their benefit pool under the base policy. Not available with Lifetime Benefit Period nor with the Restoration of Benefits Rider.
Optional Policy Surrender Rider (OPS)	This rider provides a policy surrender option after the policy has been in force for at least five years, subject to prior claim payment or current claim considerations. The surrender value will be in the form of a lump sum payment equal to 80% of the total of premium paid for the policy and any attached riders, payable upon satisfactory evidence of insurability. If satisfactory evidence of insurability is not provided, the surrender value will be offered as a lifetime monthly income benefit, payable until the earlier of the insured's death (last death in the case of joint coverage) or 80% of the total of premiums paid for the policy and any attached riders has been paid. Not available with Full Return of Premium Rider nor with the Shortened Benefit Period Nonforfeiture Rider.

**Assurity Life Insurance Company  
Rate Increase Impact Exhibit  
Exhibit B**

<b>Nationwide</b>	<b>AL-2100</b>				
	<b>Cost of Living Adjustment 5% Compound</b>				<b>Total</b>
	<b>None</b>	<b>5% Compound</b>	<b>Step Rate</b>	<b>Simple</b>	
<b>Number of Policies*</b>	114	294	12	140	560
<b>Current Premium</b>	\$236,691	\$1,021,900	\$36,643	\$444,440	1,739,674
<b>Current Average Premium</b>	\$2,076	\$3,476	\$3,054	\$3,175	3,107
<b>New Premium</b>	\$462,288	\$1,995,898	\$71,568	\$868,047	3,397,801
<b>New Average Premium</b>	\$4,055	\$6,789	\$5,964	\$6,200	6,068
<b>Average Rate Increase</b>	95.31%	95.31%	95.31%	95.31%	95.31%

<b>Pennsylvania</b>	<b>AL-2100</b>				
	<b>Cost of Living Adjustment 5% Compound</b>				<b>Total</b>
	<b>None</b>	<b>5% Compound</b>	<b>Step Rate</b>	<b>Simple</b>	
<b>Number of Policies*</b>	0	4	0	3	7
<b>Current Premium</b>	\$0	\$16,718	\$0	\$10,384	27,102
<b>Current Average Premium</b>	\$0	\$4,180	\$0	\$3,461	3,872
<b>New Premium</b>	\$0	\$32,653	\$0	\$20,281	52,934
<b>New Average Premium</b>	\$0	\$8,163	\$0	\$6,760	7,562
<b>Average Rate Increase</b>	0.00%	95.31%	0.00%	95.31%	95.31%

<b>Nationwide</b>	<b>AL-2100</b>		
	<b>Payment Period</b>		<b>Total</b>
	<b>Lifetime Pay</b>	<b>20 Pay</b>	
<b>Number of Policies*</b>	550	10	560
<b>Current Premium</b>	\$1,690,909	\$48,765	1,739,674
<b>Current Average Premium</b>	\$3,074	\$4,877	3,107
<b>New Premium</b>	\$3,302,556	\$95,245	3,397,801
<b>New Average Premium</b>	\$6,005	\$9,524	6,068
<b>Average Rate Increase</b>	95.31%	95.31%	95.31%

<b>Pennsylvania</b>	<b>AL-2100</b>		
	<b>Payment Period</b>		<b>Total</b>
	<b>Lifetime Pay</b>	<b>20 Pay</b>	
<b>Number of Policies*</b>	7	0	7
<b>Current Premium</b>	\$27,102	\$0	27,102
<b>Current Average Premium</b>	\$3,872	\$0	3,872
<b>New Premium</b>	\$52,934	\$0	52,934
<b>New Average Premium</b>	\$7,562	\$0	7,562
<b>Average Rate Increase</b>	95.31%	0.00%	95.31%

\*Please note that the number of policies in Exhibit B may differ from the number of policyholders listed on the SERFF Rate/Rule Schedule tab. This is because there are some joint policies, which consist of two policyholders under a single policy.

Issue	ANNUAL RATES Standard Risk Class Per \$10 Daily Benefit Comprehensive Care			Benefit Increase Factors						Other Riders						
				Lifetime Pay			Limited Pay			10 Year	ROP	SBP	HCBC Waiver			
				5% Compound		5% Simple	5% Compound	5% Simple								
	1st Phase	2nd Phase	3rd Phase	All Years	Step Rate		All Years	All Years	All Years	Limited Pay						
Age					1st Year	Annual Increase*										
18	80.47	100.59	125.74	8.75	1.33	0.510	6.30	9.50	8.43	4.03	2.40	1.091	1.036	1.010		
19	121.18	102.73	128.41	12.81	1.33	0.483	6.34	9.09	7.98	3.41	1.096	1.096	1.025	1.017		
20	84.06	105.07	131.34	7.94	1.33	0.457	5.72	8.70	7.56	3.92	2.35	1.101	1.040	1.013		
21	85.78	107.23	134.04	7.58	1.33	0.434	5.46	8.34	7.18	3.87	2.32	1.106	1.045	1.015		
22	87.50	109.37	136.71	7.24	1.33	0.412	5.21	8.00	6.82	3.82	2.30	1.111	1.050	1.016		
23	89.06	111.32	139.16	6.92	1.33	0.392	4.98	7.68	6.48	3.77	2.27	1.116	1.060	1.018		
24	90.62	114.60	141.60	6.62	1.33	0.372	4.77	7.39	6.17	3.72	2.24	1.121	1.070	1.020		
25	92.18	115.23	144.04	6.34	1.33	0.354	4.57	7.11	5.88	3.67	2.23	1.126	1.075	1.022		
26	93.60	117.00	146.25	6.08	1.33	0.337	4.38	6.85	5.60	3.62	2.20	1.131	1.080	1.023		
27	95.00	118.75	148.43	5.84	1.33	0.322	4.20	6.60	5.35	3.57	2.18	1.131	1.090	1.025		
28	96.25	120.31	150.39	5.61	1.33	0.307	4.04	6.37	5.11	3.52	2.16	1.131	1.101	1.027		
29	97.50	121.87	152.34	5.39	1.33	0.293	3.88	6.16	4.89	3.48	2.14	1.131	1.110	1.029		
30	98.60	123.25	154.06	5.19	1.33	0.280	3.74	5.95	4.68	3.43	2.11	1.131	1.115	1.031		
31	99.68	124.60	155.76	5.00	1.33	0.268	3.60	5.76	4.49	3.39	2.09	1.131	1.120	1.033		
32	100.62	125.78	157.22	4.83	1.33	0.257	3.47	5.58	4.30	3.34	2.07	1.131	1.130	1.035		
33	101.81	126.76	158.45	4.66	1.33	0.246	3.36	5.42	4.13	3.30	2.04	1.131	1.140	1.036		
34	102.18	127.73	159.66	4.50	1.33	0.235	3.24	5.26	3.97	3.25	2.02	1.131	1.145	1.038		
35	102.97	128.71	160.89	4.36	1.33	0.226	3.14	5.11	3.82	3.21	2.00	1.131	1.150	1.040		
36	103.60	129.50	161.87	4.22	1.33	0.217	3.04	4.97	3.68	3.17	1.98	1.131	1.160	1.042		
37	103.91	129.89	162.36	4.09	1.33	0.209	2.95	4.84	3.55	3.12	1.96	1.131	1.170	1.044		
38	104.37	130.46	163.08	3.97	1.33	0.201	2.86	4.72	3.43	3.08	1.94	1.131	1.180	1.046		
39	104.53	130.67	163.33	3.86	1.33	0.194	2.78	4.61	3.31	3.04	1.92	1.131	1.190	1.048		
40	104.68	130.85	163.57	3.75	1.33	0.187	2.70	4.50	3.20	3.00	1.90	1.131	1.200	1.050		
41	106.25	132.81	166.01	3.65	1.33	0.180	2.63	4.40	3.10	2.96	1.88	1.134	1.210	1.052		
42	107.81	134.76	168.45	3.55	1.33											

Issue Age Independent Factors									
Joint Policy	1.20	Risk Classes		Payment Mode		Elimination Period		0 Day HCBC Elimination Period	
Facility Only Indemnity	1.05	Preferred	0.60	Annual	1.000	0-Day	1.40		
Comprehensive Indemnity	1.20	Select	0.80	Semi-Annual	0.520	30-Day	1.20	30-Day	1.08
Monthly HCBC	1.10	Standard	1.00	Quarterly	0.270	90-Day	1.00	90-Day	1.16
		Substandard1	1.60	Monthly	0.090	180-Day	0.90	180-Day	1.20
		Substandard2	2.40						
		Benefit Period		Restoration of Benefits		Shared Benefit Amount			
Employer/Association Group Discount	All Ages: 5%	Lifetime	1.00						
		10-Year	0.95	10-Year	1.011	10-Year	1.02		
		6-Year	0.88	6-Year	1.034	6-Year	1.08		
		5-Year	0.85	5-Year	1.047	5-Year	1.11		
		4-Year	0.78	4-Year	1.051	4-Year	1.15		
		3-Year	0.63	3-Year	1.063	3-Year	1.21		
		2-Year	0.55	2-Year	1.075	2-Year	1.29		

Assurity Life Insurance Company



**Assurity Life Insurance Company**  
**Combined Reinsurer Experience**  
**Exhibit D**  
**Lapse Actual to Expected (Best Estimate) Analysis**

Duration*	Exposure**	Lapses	Actual Lapse Rates	Best Estimate Lapse Rates	A/E
10	155,154	968	0.62%	0.50%	1.25
11	145,396	917	0.63%	0.50%	1.26
12	137,407	875	0.64%	0.50%	1.27
13	130,004	763	0.59%	0.50%	1.17
14	122,488	613	0.50%	0.50%	1.00
15	114,351	543	0.47%	0.50%	0.95
16	105,969	473	0.45%	0.50%	0.89
17	92,583	372	0.40%	0.50%	0.80
18	76,560	384	0.50%	0.50%	1.00
19	59,629	301	0.50%	0.50%	1.01
20	43,565	218	0.50%	0.50%	1.00
21	33,028	170	0.51%	0.50%	1.03
22	25,772	123	0.48%	0.50%	0.95
23	17,433	112	0.64%	0.50%	1.28
24	10,971	69	0.63%	0.50%	1.26
25	6,248	41	0.66%	0.50%	1.31
26	3,099	17	0.55%	0.50%	1.10
27	1,355	10	0.74%	0.50%	1.48
28	523	1	0.19%	0.50%	0.38
29	261	1	0.38%	0.50%	0.77
30	92	1	1.09%	0.50%	2.17
31	28	0	0.00%	0.50%	0.00
Average	1,281,917	6,972	0.54%	0.50%	1.09

\* All Assurity policies are duration 10+

\*\* Lifetime-pay & 20-pay policies only

**Assurity Life Insurance Company**  
**Policy Form: AL-2100**  
**Exhibit E1**  
**Mortality Selection Factors**

Policy Duration	Selection Factors	
	Single	Joint
1	0.200	0.200
2	0.370	0.310
3	0.470	0.390
4	0.500	0.410
5	0.530	0.430
6	0.550	0.480
7	0.590	0.500
8	0.620	0.520
9	0.670	0.540
10	0.740	0.560
11	0.790	0.580
12	0.820	0.640
13	0.870	0.670
14	0.920	0.710
15	1.000	0.730
16	1.000	0.760
17	1.000	0.810
18	1.000	0.910
19	1.000	1.000
20+	1.000	1.000

**Assurity Life Insurance Company  
Combined Reinsurer Experience  
Exhibit E2  
Mortality A to E Analysis**

Attained Age	Single Lives Death Counts			Joint Lives Death Counts**			Total Death Counts		
	Actual	Expected*	A/E	Actual	Expected*	A/E	Actual	Expected*	A/E
<40	1	1	69%	1	3	37%	2	4	48%
40-44	2	4	55%	14	10	135%	16	14	114%
45-49	25	14	175%	52	40	128%	77	55	141%
50-54	63	58	109%	148	158	94%	211	215	98%
55-59	162	184	88%	443	481	92%	605	666	91%
60-64	375	486	77%	1,014	1,162	87%	1,389	1,648	84%
65-69	711	867	82%	1,537	1,868	82%	2,248	2,735	82%
70-74	1,033	1,133	91%	2,155	2,205	98%	3,188	3,338	96%
75-79	1,255	1,202	104%	2,224	2,004	111%	3,479	3,206	109%
80-84	1,275	1,096	116%	1,625	1,333	122%	2,900	2,429	119%
85-89	926	811	114%	806	595	135%	1,732	1,407	123%
90+	576	468	123%	231	170	136%	807	638	126%
Total	6,404	6,325	101%	10,250	10,030	102%	16,654	16,355	102%

\* Expected - 100% of 2012 IAR mortality table with the mortality selection factors shown in Exhibit E1

\*\* Joint lives - joint policy at issue

**Assurity Life Insurance Company**  
**Policy Form: AL-2100**  
**Exhibit F1**  
**Incidence Rates Per 100**

Best Estimate						
Attained Age	Nursing Facility Care Incidence Rates				Incidence Rate Factors	
	Single Male	Single Female	Married Male	Married Female	Home and Community Based Care and Assisted Living Facility	Assisted Living Facility
40	0.0016	0.0015	0.0004	0.0003	1.550	0.300
41	0.0019	0.0017	0.0005	0.0004	1.550	0.300
42	0.0023	0.0020	0.0006	0.0005	1.550	0.300
43	0.0027	0.0024	0.0008	0.0006	1.550	0.300
44	0.0031	0.0029	0.0009	0.0007	1.550	0.300
45	0.0037	0.0034	0.0011	0.0009	1.550	0.300
46	0.0043	0.0040	0.0013	0.0011	1.550	0.300
47	0.0050	0.0048	0.0016	0.0013	1.550	0.300
48	0.0059	0.0056	0.0019	0.0016	1.550	0.300
49	0.0069	0.0067	0.0023	0.0020	1.550	0.300
50	0.0081	0.0079	0.0028	0.0024	1.550	0.300
51	0.0096	0.0094	0.0034	0.0029	1.550	0.300
52	0.0112	0.0111	0.0041	0.0036	1.550	0.300
53	0.0132	0.0132	0.0049	0.0043	1.550	0.300
54	0.0155	0.0156	0.0059	0.0053	1.550	0.300
55	0.0181	0.0185	0.0071	0.0064	1.550	0.300
56	0.0214	0.0220	0.0086	0.0079	1.550	0.300
57	0.0251	0.0261	0.0104	0.0096	1.550	0.300
58	0.0310	0.0324	0.0132	0.0123	1.436	0.290
59	0.0384	0.0406	0.0169	0.0159	1.311	0.290
60	0.0474	0.0505	0.0214	0.0203	1.206	0.280
61	0.0582	0.0627	0.0270	0.0259	1.111	0.270
62	0.0707	0.0768	0.0337	0.0327	1.045	0.270
63	0.0852	0.0934	0.0417	0.0409	0.969	0.260
64	0.1039	0.1149	0.0523	0.0517	0.872	0.260
65	0.1255	0.1401	0.0650	0.0649	0.795	0.250
66	0.1511	0.1702	0.0804	0.0812	0.728	0.240
67	0.1810	0.2058	0.0990	0.1010	0.671	0.240
68	0.2161	0.2480	0.1214	0.1251	0.613	0.230
69	0.2582	0.2990	0.1491	0.1552	0.555	0.230
70	0.3068	0.3585	0.1821	0.1915	0.507	0.220
71	0.3620	0.4269	0.2209	0.2346	0.470	0.220
72	0.4217	0.5019	0.2644	0.2837	0.452	0.210
73	0.4986	0.5988	0.3213	0.3483	0.425	0.210
74	0.5900	0.7150	0.3908	0.4279	0.397	0.200
75	0.6983	0.8541	0.4755	0.5259	0.369	0.200
76	0.8268	1.0205	0.5786	0.6465	0.341	0.190
77	0.9718	1.2105	0.6990	0.7890	0.323	0.190
78	1.1475	1.4426	0.8484	0.9674	0.305	0.190
79	1.3448	1.7061	1.0220	1.1771	0.297	0.180
80	1.5883	2.0334	1.2406	1.4434	0.279	0.180
81	1.8761	2.4239	1.5062	1.7703	0.261	0.170
82	2.1987	2.8668	1.8143	2.1541	0.253	0.170
83	2.6767	3.3665	2.2410	2.7070	0.235	0.170
84	3.1916	3.9559	2.7468	3.3211	0.227	0.160
85	3.7395	4.6271	3.3229	3.9827	0.219	0.160
86	4.2889	5.3353	3.9344	4.6458	0.212	0.150
87	4.8111	6.0364	4.5450	5.2599	0.204	0.150
88	5.2326	6.6271	5.0715	5.7174	0.196	0.150
89	5.5194	7.0495	5.4617	5.9417	0.188	0.140
90	5.9225	7.7277	5.9683	6.4251	0.180	0.140
91	6.2515	8.3074	6.3991	6.8276	0.182	0.140
92	6.6943	9.0377	6.9459	7.3542	0.174	0.130
93	7.1432	9.0997	7.5003	7.8880	0.166	0.130
94	7.5268	9.0764	7.4810	7.8677	0.169	0.130
95	7.5140	9.0609	7.4683	7.8543	0.171	0.130
96	7.5657	9.1232	7.5196	7.9083	0.163	0.120
97	7.5462	9.0997	7.5003	7.8880	0.166	0.120
98	7.5333	9.0841	7.4874	7.8745	0.168	0.120
99	7.5140	9.0609	7.4683	7.8543	0.171	0.110
100	7.4948	9.0377	7.4492	7.8342	0.174	0.110
101	7.4820	9.0224	7.4365	7.8209	0.176	0.110
102	7.4630	8.9994	7.4176	7.8010	0.179	0.110
103	7.4503	8.9842	7.4050	7.7878	0.181	0.100
104	7.4315	8.9614	7.3863	7.7680	0.184	0.100
105	7.4127	8.9387	7.3676	7.7484	0.187	0.100
106	7.4002	8.9237	7.3552	7.7354	0.189	0.100
107	7.3816	8.9012	7.3367	7.7159	0.192	0.100
108	7.3631	8.8789	7.3183	7.6965	0.195	0.100
109	7.3508	8.8641	7.3060	7.6837	0.197	0.100
110	7.3324	8.8419	7.2878	7.6645	0.200	0.100

**Assurity Life Insurance Company**  
**Policy Form: AL-2100**  
**Exhibit F2**  
**Claim Continuance\***

<b>Claim Continuance - Male</b>								
<b>Claim Months \\Attained Age</b>	<b>52</b>	<b>62</b>	<b>67</b>	<b>72</b>	<b>77</b>	<b>82</b>	<b>87</b>	<b>92</b>
0	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
12	0.2682	0.2512	0.3530	0.3889	0.4357	0.4826	0.4841	0.4709
24	0.1973	0.1954	0.2638	0.2845	0.3098	0.3307	0.3157	0.2780
36	0.1645	0.1614	0.2027	0.2098	0.2189	0.2198	0.1963	0.1473
48	0.1360	0.1371	0.1618	0.1495	0.1481	0.1422	0.1117	0.0732
60	0.1227	0.1163	0.1240	0.1082	0.0993	0.0860	0.0596	0.0332
72	0.0979	0.0954	0.0975	0.0779	0.0657	0.0519	0.0357	0.0213
84	0.0771	0.0859	0.0717	0.0526	0.0434	0.0328	0.0196	0.0040
96	0.0743	0.0750	0.0560	0.0380	0.0279	0.0213	0.0132	0.0039
108	0.0712	0.0632	0.0499	0.0314	0.0173	0.0152	0.0044	0.0039
120	0.0707	0.0576	0.0384	0.0204	0.0124	0.0101	0.0011	0.0034
132	0.0596	0.0513	0.0307	0.0132	0.0063	0.0052	0.0011	0.0024
144	0.0471	0.0343	0.0208	0.0070	0.0040	0.0019	0.0009	0.0016
156	0.0468	0.0267	0.0141	0.0037	0.0024	0.0008	0.0004	0.0010
168	0.0468	0.0267	0.0134	0.0033	0.0003	0.0005	0.0002	0.0006
180	0.0467	0.0266	0.0054	0.0022	0.0002	0.0003	0.0001	0.0004
300	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

<b>Claim Continuance - Female</b>								
<b>Claim Months \\Attained Age</b>	<b>52</b>	<b>62</b>	<b>67</b>	<b>72</b>	<b>77</b>	<b>82</b>	<b>87</b>	<b>92</b>
0	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
12	0.2873	0.2477	0.3480	0.4583	0.5157	0.5779	0.6189	0.5840
24	0.2168	0.1867	0.2702	0.3674	0.4197	0.4627	0.4785	0.4197
36	0.1750	0.1519	0.2242	0.2973	0.3374	0.3579	0.3460	0.2576
48	0.1490	0.1258	0.1852	0.2380	0.2631	0.2683	0.2408	0.1670
60	0.1354	0.1014	0.1505	0.1883	0.1986	0.1920	0.1566	0.0945
72	0.1185	0.0897	0.1261	0.1505	0.1526	0.1363	0.1038	0.0583
84	0.1038	0.0730	0.1052	0.1186	0.1168	0.0991	0.0682	0.0320
96	0.0965	0.0672	0.0845	0.0926	0.0874	0.0698	0.0439	0.0158
108	0.0893	0.0598	0.0675	0.0716	0.0610	0.0501	0.0324	0.0104
120	0.0794	0.0492	0.0489	0.0539	0.0422	0.0353	0.0206	0.0044
132	0.0734	0.0391	0.0422	0.0426	0.0324	0.0233	0.0156	0.0023
144	0.0693	0.0311	0.0314	0.0363	0.0215	0.0149	0.0065	0.0001
156	0.0636	0.0105	0.0279	0.0228	0.0122	0.0085	0.0002	0.0001
168	0.0549	0.0075	0.0217	0.0132	0.0082	0.0069	0.0002	0.0000
180	0.0418	0.0075	0.0132	0.0056	0.0069	0.0046	0.0002	0.0000
300	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

\*claim continuance reflects total terminations from both death and recovery.

**Assurity Life Insurance Company**  
**Policy Form: AL-2100**  
**Exhibit F3**  
**Claim Recovery**

<b>Attained Age</b>	<b>Recovery Rates*</b>
40	36.76%
45	29.22%
50	23.23%
55	18.47%
60	14.68%
65	11.67%
70	9.28%
75	7.38%
80	5.86%
85	4.66%
90	3.71%
95	2.95%
100	2.34%
105	1.86%
110	1.48%
115	1.18%
120+	0.00%

\* Claim recovery is based on Lifetime Benefit Period policies.  
The claim recovery rates are developed using a linear regression method.

**Combined Reinsurer Experience**  
**Exhibit F4**  
**Incidence A to E Analysis**

Attained Age	Single Male				Single Female			
	Exposure	Claim Count	Expected Claim Count	A/E	Exposure	Claim Count	Expected Claim Count	A/E
40-44	1,373	0	0	0%	1,700	0	0	0%
45-49	4,192	6	1	649%	6,477	9	2	598%
50-54	9,858	7	5	153%	18,707	24	9	255%
55-59	21,305	36	21	173%	45,893	71	50	143%
60-64	35,804	77	73	106%	85,058	218	197	110%
65-69	46,764	192	199	97%	116,663	584	579	101%
70-74	45,076	407	397	102%	117,133	1,233	1,241	99%
75-79	31,647	594	583	102%	87,505	2,011	1,995	101%
80-84	17,359	689	668	103%	52,140	2,573	2,535	101%
85-89	6,686	498	500	100%	22,845	2,094	2,148	97%
90+	1,752	206	198	104%	7,020	1,003	980	102%
Total	221,815	2,712	2,645	103%	561,141	9,820	9,737	101%

Attained Age	Married Male				Married Female			
	Exposure	Claim Count	Expected Claim Count	A/E	Exposure	Claim Count	Expected Claim Count	A/E
40-44	4,401	1	0	774%	7,848	6	0	2900%
45-49	14,952	5	1	473%	23,905	18	2	1148%
50-54	39,623	24	7	355%	58,441	49	10	512%
55-59	94,706	87	39	224%	125,352	127	51	249%
60-64	175,639	249	172	145%	206,425	311	207	150%
65-69	235,068	559	546	102%	240,263	600	591	102%
70-74	219,787	1,151	1,207	95%	200,665	1,157	1,210	96%
75-79	144,383	1,960	1,890	104%	122,637	1,828	1,829	100%
80-84	69,695	2,188	2,199	99%	56,809	2,139	2,072	103%
85-89	23,060	1,653	1,694	98%	17,578	1,369	1,400	98%
90+	2,166	279	248	113%	3,176	403	393	103%
Total	1,023,481	8,156	8,002	102%	1,063,099	8,007	7,765	103%

**Assurity Life Insurance Company**  
**Combined Reinsurer Experience**  
**Exhibit F5**  
**Claim Termination A to E Analysis**

Duration	Claim Exposure	Actual	Expected	A/E
1st quarter	2,116	552	676	82%
2nd quarter	5,215	806	720	112%
3rd quarter	4,439	397	421	94%
4th quarter	3,939	306	314	98%
2	13,877	3,288	3,458	95%
3	9,583	2,310	2,561	90%
4	6,542	2,058	1,955	105%
5	3,993	1,068	1,202	89%
6	2,605	632	740	85%
7	1,742	405	507	80%
8	1,179	274	321	85%
9	792	179	200	90%
10	540	125	159	79%
11	365	87	99	88%
12	245	65	88	74%
13	153	26	57	46%
14	101	54	27	200%
15	68	34	24	142%
16	48	22	9	232%
17	34	16	6	290%
18	22	11	2	516%
19	13	6	3	220%
20	9	4	2	194%
21	6	3	1	356%
Average	57,626	12,728	13,552	94%



**Assurity Life Insurance Company**  
**Nationwide Experience Projection**  
**Policy Form: AL-2100**  
**Exhibit G**

Calendar Year	Before Proposed Rate Increase			With Proposed Rate Increase*			at:	4.00%	
	Earned Premium	Incurred Claims	Loss Ratio	Earned Premium	Incurred Claims	Loss Ratio	Year End 2021	Factor 1.0400	
Historical Experience	2007	34,953	0	0.0%	34,953	0	0.0%	14.5	1.7660
	2008	502,759	0	0.0%	502,759	0	0.0%	13.5	1.6980
	2009	901,957	0	0.0%	901,957	0	0.0%	12.5	1.6327
	2010	1,540,274	0	0.0%	1,540,274	0	0.0%	11.5	1.5699
	2011	2,121,255	0	0.0%	2,121,255	0	0.0%	10.5	1.5096
	2012	2,072,467	0	0.0%	2,072,467	0	0.0%	9.5	1.4515
	2013	2,047,269	0	0.0%	2,047,269	0	0.0%	8.5	1.3957
	2014	1,935,872	7,724	0.4%	1,935,872	7,724	0.4%	7.5	1.3420
	2015	1,954,192	0	0.0%	1,954,192	0	0.0%	6.5	1.2904
	2016	1,871,853	223,216	11.9%	1,871,853	223,216	11.9%	5.5	1.2407
	2017	1,994,771	0	0.0%	1,994,771	0	0.0%	4.5	1.1930
	2018	1,887,827	358,266	19.0%	1,887,827	358,266	19.0%	3.5	1.1471
Projected Future Experience	2019	1,908,783	54,427	2.9%	1,908,783	54,427	2.9%	2.5	1.1030
	2020	1,819,719	544,483	29.9%	1,819,719	544,483	29.9%	1.5	1.0606
	2021	1,794,343	317,127	17.7%	1,794,343	317,127	17.7%	0.5	1.0198
	2022	1,758,548	659,633	37.5%	1,758,548	659,633	37.5%	-0.5	0.9806
	2023	1,704,734	775,541	45.5%	2,006,514	750,439	37.4%	-1.5	0.9429
	2024	1,648,606	905,033	54.9%	2,385,213	859,981	36.1%	-2.5	0.9066
	2025	1,590,065	1,049,168	66.0%	2,836,728	982,325	34.6%	-3.5	0.8717
	2026	1,529,103	1,207,864	79.0%	2,727,970	1,130,910	41.5%	-4.5	0.8382
	2027	1,459,884	1,381,664	94.6%	2,604,480	1,293,637	49.7%	-5.5	0.8060
	2028	1,387,401	1,568,475	113.1%	2,475,169	1,468,546	59.3%	-6.5	0.7750
	2029	1,304,877	1,762,307	135.1%	2,327,943	1,650,029	70.9%	-7.5	0.7452
	2030	1,229,328	1,962,291	159.6%	2,193,161	1,837,272	83.8%	-8.5	0.7165
	2031	1,150,421	2,164,361	188.1%	2,052,389	2,026,468	98.7%	-9.5	0.6889
	2032	1,078,767	2,362,284	219.0%	1,924,555	2,211,781	114.9%	-10.5	0.6624
	2033	1,007,143	2,551,270	253.3%	1,796,775	2,388,727	132.9%	-11.5	0.6370
	2034	935,492	2,725,625	291.4%	1,668,948	2,551,973	152.9%	-12.5	0.6125
	2035	864,460	2,881,282	333.3%	1,542,226	2,697,712	174.9%	-13.5	0.5889
	2036	794,560	3,011,509	379.0%	1,417,521	2,819,643	198.9%	-14.5	0.5663
	2037	726,369	3,115,553	428.9%	1,295,866	2,917,058	225.1%	-15.5	0.5445
	2038	660,358	3,187,063	482.6%	1,178,100	2,984,012	253.3%	-16.5	0.5235
	2039	597,012	3,220,546	539.4%	1,065,089	3,015,362	283.1%	-17.5	0.5034
	2040	536,675	3,218,010	599.6%	957,446	3,012,987	314.7%	-18.5	0.4840
	2041	479,646	3,177,077	662.4%	855,703	2,974,662	347.6%	-19.5	0.4654
	2042	426,195	3,098,691	727.1%	760,345	2,901,271	381.6%	-20.5	0.4475
	2043	376,428	2,988,739	794.0%	671,560	2,798,323	416.7%	-21.5	0.4303
	2044	330,511	2,850,092	862.3%	589,643	2,668,510	452.6%	-22.5	0.4138
	2045	288,455	2,689,293	932.3%	514,612	2,517,956	489.3%	-23.5	0.3978
	2046	250,210	2,512,167	1004.0%	446,383	2,352,114	526.9%	-24.5	0.3825
	2047	215,706	2,320,229	1075.6%	384,827	2,172,405	564.5%	-25.5	0.3678
	2048	184,833	2,117,449	1145.6%	329,747	1,982,544	601.2%	-26.5	0.3537
	2049	157,442	1,909,698	1213.0%	280,882	1,788,030	636.6%	-27.5	0.3401
	2050	133,372	1,702,209	1276.3%	237,940	1,593,759	669.8%	-28.5	0.3270
	2051	112,394	1,500,279	1334.8%	200,514	1,404,694	700.5%	-29.5	0.3144
	2052	94,261	1,306,676	1386.2%	168,165	1,223,426	727.5%	-30.5	0.3023
	2053	78,723	1,126,609	1431.1%	140,444	1,054,831	751.1%	-31.5	0.2907
	2054	65,505	962,705	1469.7%	116,863	901,370	771.3%	-32.5	0.2795
	2055	54,323	816,744	1503.5%	96,913	764,708	789.1%	-33.5	0.2688
	2056	44,932	689,315	1534.1%	80,160	645,398	805.1%	-34.5	0.2584
	2057	37,088	576,696	1554.9%	66,166	539,955	816.1%	-35.5	0.2485
	2058	30,559	480,195	1571.4%	54,519	449,601	824.7%	-36.5	0.2389
	2059	25,172	400,532	1591.2%	44,908	375,014	835.1%	-37.5	0.2297
	2060	20,712	336,076	1622.6%	36,951	314,664	851.6%	-38.5	0.2209
	2061	17,033	284,660	1671.2%	30,387	266,524	877.1%	-39.5	0.2124
Interest	Past	24,388,295	1,505,242	6.2%	24,388,295	1,505,242	6.2%		
	Future	25,387,301	73,555,611	289.7%	42,322,277	68,948,252	162.9%		
	Lifetime	49,775,596	75,060,853	150.8%	66,710,573	70,453,495	105.6%		
Interest	4.00%								
	Past w/ int	31,726,671	1,659,219	5.2%	31,726,671	1,659,219	5.2%		
	Future w/ int	17,908,156	37,986,206	212.1%	29,117,059	35,641,627	122.4%		
	Lifetime w/ int	49,634,827	39,645,425	79.9%	60,843,730	37,300,846	61.3%		

\* Proposed rate increase: 3 Phases of 25.0% each; projection includes 3% shock lapse rate, 11% benefit reduction, and 2% of adverse selection.

**Assurity Life Insurance Company**  
**Demonstration that Lifetime Incurred Claims with Requested Rate Increases are**  
**Not Less than Lifetime Earned Premium with Prescribed Factors**  
**Policy Form: AL-2100**  
**Exhibit H1**

1 Accumulated value of initial earned premium	31,726,671	x	58%	18,401,469
2a Accumulated value of earned premium	31,726,671			
2b Accumulated value of prior premium rate schedule increases (2a-1)	-	x	85%	-
3 Present value of future projected initial earned premium	17,908,156	x	58%	10,386,730
4a Present value of future projected premium	29,117,059			
4b Present value of future projected premium in excess of the projected initial earned premiums (4a-3)	11,208,903	x	85%	9,527,568
<b>5 Lifetime Earned Premium Times Prescribed Factor: Sum of 1, 2b, 3, and 4b</b>				<b>38,315,767</b>
6a Accumulated value of incurred claims without the inclusion of active life reserves				1,659,219
6b Present value of future projected incurred claims without the inclusion of active life reserves				39,205,790
<b>7 Lifetime Incurred Claims with Rate Increase: Sum 6a and 6b</b>				<b>40,865,009</b>
				<b>TRUE</b>

Note: Present and accumulated values in the lifetime projections in this exhibit are determined at the maximum valuation interest rate of 4.0%

**Assurity Life Insurance Company**  
**Demonstration that Lifetime Incurred Claims with Requested Rate Increases are**  
**Not Less than Lifetime Earned Premium with Prescribed Factors**  
**Policy Form: AL-2100**  
**Exhibit H2**

1 Accumulated value of initial earned premium	31,726,671	x	61%	19,353,269
2a Accumulated value of earned premium	31,726,671			
2b Accumulated value of prior premium rate schedule increases (2a-1)	-	x	85%	-
3 Present value of future projected initial earned premium	17,908,156	x	61%	10,923,975
4a Present value of future projected premium	29,117,059			
4b Present value of future projected premium in excess of the projected initial earned premiums (4a-3)	11,208,903	x	85%	9,527,568
<b>5 Lifetime Earned Premium Times Prescribed Factor: Sum of 1, 2b, 3, and 4b</b>				<b>39,804,812</b>
6a Accumulated value of incurred claims without the inclusion of active life reserves				1,659,219
6b Present value of future projected incurred claims without the inclusion of active life reserves				39,205,790
<b>7 Lifetime Incurred Claims with Rate Increase: Sum 6a and 6b</b>				<b>40,865,009</b>
				<b>TRUE</b>

Note: Present and accumulated values in the lifetime projections in this exhibit are determined at the maximum valuation interest rate of 4.0%

**Assurity Life Insurance Company**  
**Policy Form: AL-2100**  
**Exhibit II**  
**Nationwide Policy and Premium Distribution**

	<b>Policies*</b>	<b>Premium</b>	<b>% of Policies</b>	<b>% of Premium</b>
<b>Base</b>				
Comprehensive Care	498	1,593,315	89%	92%
Facility Only	62	146,359	11%	8%
Total	560	1,739,674	100%	100%
<b>COLA Options</b>				
No COLA	114	236,691	20%	14%
Compound COLA 5%	294	1,021,900	53%	59%
Step-Rated Compound COLA 5%	12	36,643	2%	2%
Simple COLA 5%	140	444,440	25%	26%
Total	560	1,739,674	100%	100%
<b>Nonforfeiture Options</b>				
None	530	1,627,662	95%	94%
Full Return of Premium	5	28,158	1%	2%
Shortened Benefit Period	1	4,771	0%	0%
Optional Surrender	24	79,083	4%	5%
Total	560	1,739,674	100%	100%
<b>Pay Period</b>				
Lifetime	550	1,690,909	98%	97%
20 Pay	10	48,765	2%	3%
Total	560	1,739,674	100%	100%
<b>Joint/Single Life</b>				
Joint	310	1,064,656	55%	61%
Single	250	675,018	45%	39%
Total	560	1,739,674	100%	100%
<b>Billing Mode</b>				
Annual	287	970,194	51%	56%
Semi-Annual	20	73,612	4%	4%
Quarterly	31	116,253	6%	7%
Monthly	222	579,615	40%	33%
Total	560	1,739,674	100%	100%
<b>Elimination Period</b>				
0 Day	5	18,044	1%	1%
30 Days	27	92,433	5%	5%
90 Days	492	1,527,810	88%	88%
180 Days	36	101,386	6%	6%
Total	560	1,739,674	100%	100%
<b>Benefit Period (NH/HH)</b>				
2 Year / 2 Year	15	34,239	3%	2%
3 Year / 3 Year	68	191,090	12%	11%
4 Year / 4 Year	22	55,224	4%	3%
5 Year / 5 Year	62	190,907	11%	11%
6 Year / 6 Year	16	42,897	3%	2%
10 Year / 10 Year	17	67,133	3%	4%
Lifetime / Lifetime	360	1,158,185	64%	67%
Total	560	1,739,674	100%	100%
<b>Issue Age Cohort</b>				
20-29	1	711	0%	0%
30-39	7	15,855	1%	1%
40-49	29	65,570	5%	4%
50-59	217	584,125	39%	34%
60-69	276	946,586	49%	54%
70-79	28	118,856	5%	7%
80-89	2	7,970	0%	0%
Total	560	1,739,674	100%	100%

\*Please note that the number of policies in this exhibit may differ from the number of policyholders listed on the SERFF Rate/Rule Schedule tab. This is because there are some joint policies, which consist of two policyholders under a single policy.

**Assurity Life Insurance Company**  
**Policy Form: AL-2100**  
**Exhibit I2**  
**Pennsylvania Policy and Premium Distribution**

	<b>Policies*</b>	<b>Premium</b>	<b>% of Policies</b>	<b>% of Premium</b>
<b>Base</b>				
Comprehensive Care	7	27,102	100%	100%
Facility Only	0	0	0%	0%
Total	7	27,102	100%	100%
<b>COLA Options</b>				
No COLA	0	0	0%	0%
Compound COLA 5%	4	16,718	57%	62%
Step-Rated Compound COLA 5%	0	0	0%	0%
Simple COLA 5%	3	10,384	43%	38%
Total	7	27,102	100%	100%
<b>Nonforfeiture Options</b>				
None	7	27,102	100%	100%
Full Return of Premium	0	0	0%	0%
Shortened Benefit Period	0	0	0%	0%
Optional Surrender	0	0	0%	0%
Total	7	27,102	100%	100%
<b>Pay Period</b>				
Lifetime	7	27,102	100%	100%
20 Pay	0	0	0%	0%
Total	7	27,102	100%	100%
<b>Joint/Single Life</b>				
Joint	5	21,762	71%	80%
Single	2	5,340	29%	20%
Total	7	27,102	100%	100%
<b>Billing Mode</b>				
Annual	4	15,529	57%	57%
Semi-Annual	0	0	0%	0%
Quarterly	1	6,495	14%	24%
Monthly	2	5,078	29%	19%
Total	7	27,102	100%	100%
<b>Elimination Period</b>				
0 Day	0	0	0%	0%
30 Days	0	0	0%	0%
90 Days	6	24,753	86%	91%
180 Days	1	2,350	14%	9%
Total	7	27,102	100%	100%
<b>Benefit Period (NH/HH)</b>				
2 Year / 2 Year	0	0	0%	0%
3 Year / 3 Year	3	8,004	43%	30%
4 Year / 4 Year	2	7,655	29%	28%
5 Year / 5 Year	1	4,948	14%	18%
6 Year / 6 Year	0	0	0%	0%
10 Year / 10 Year	0	0	0%	0%
Lifetime / Lifetime	1	6,495	14%	24%
Total	7	27,102	100%	100%
<b>Issue Age Cohort</b>				
20-29	0	0	0%	0%
30-39	0	0	0%	0%
40-49	0	0	0%	0%
50-59	2	4,961	29%	18%
60-69	5	22,141	71%	82%
70-79	0	0	0%	0%
80-89	0	0	0%	0%
Total	7	27,102	100%	100%

\*Please note that the number of policies in this exhibit may differ from the number of policyholders listed on the SERFF Rate/Rule Schedule tab. This is because there are some joint policies, which consist of two policyholders under a single policy.



P.O. Box 82533 | Lincoln, NE 68501-2533  
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MR. JORGE GOMES  
SENIOR VICE PRESIDENT  
LIFECARE ASSURANCE COMPANY  
SENT VIA EMAIL ONLY TO LOGA CROSSETTE-THAMBIAN:  
[LOGA.CROSSETTE.THAMBIAN@LIFECAREASSURANCE.COM](mailto:LOGA.CROSSETTE.THAMBIAN@LIFECAREASSURANCE.COM)

February 11, 2022

Re: Assurity Life Insurance Company - NAIC 71439

Dear Mr. Gomes,

This letter will serve as the Company's authorization for LifeCare Assurance Company, Long Term Care Administrators, to file Long Term Care products on behalf of Assurity Life Insurance Company. This authorizes LifeCare to file on our behalf from today through December 31, 2022.

Sincerely,

/s/ Jill D. Fiddler

December 7, 2022

James Lavery  
Pennsylvania Insurance Department  
1326 Strawberry Square  
Harrisburg, Pennsylvania 17120

**RE: ASSURITY LIFE INSURANCE COMPANY**  
**FORM NUMBER(S): AL2100P-PA & AL2102P-PA**  
**TRACKING NUMBER: LFCR-133460458**

Dear James Lavery:

Thank you for reviewing our filing. This is a response to your letter dated November 22, 2022 for the above referenced filing.

**Objection 1**

**Please provide a copy of the contract language for policy forms AL2100P-PA and AL2102P-PA and all associated riders.**

Please refer to the items below:

- *AL2100P-PA*: Long Term Care Insurance Policy
- *AL2102P-PA*: Franchise Long Term Care Insurance Policy
- *AL2100R-CBI-PA*: Compound Benefit Increase Rider
- *AL2100R-FDC-PA*: First Day Home and Community Based Care Rider
- *AL2100R-F-IND-PA*: Facility Care Only Indemnity Benefit Rider
- *AL2100R-IND-PA*: Facility Care & Home and Community Based Care Indemnity Benefit Rider
- *AL2100R-MTH-PA*: Monthly Home and Community Based Care Benefit Rider
- *AL2100R-ROB-PA*: Restoration of Benefits Rider
- *AL2100R-ROP-PA*: Full Return of Premium Rider
- *AL2100R-SBA-PA*: Shared Benefit Amount Rider
- *AL2100R-SBI-PA*: Simple Benefit Increase Rider
- *AL2100R-SBN-PA*: Shortened Benefit Period Nonforfeiture Rider
- *AL2100R-WOP-PA*: Home and Community Based Care Waiver of Premium Benefit Rider

**Objection 2**

**Please provide your best estimate of the date when the first letter will be mailed informing policyholders of this premium increase.**

Mailing will start approximately 4 months after the rate increase is approved.

**Objection 3**

**Please confirm that there has been no prior increase on this block in any state.**

We can confirm that there has been no prior rate increase on this block in any state.

#### **Objection 4**

**Please provide a seriatim listing of the affected policies in this block in Excel. Each record within the worksheet must contain the policy's unique identification number, form number, issue age, issue date, inflation status indicator, benefit period, current annual premium, and requested premium increase in each year of the proposed implementation period.**

**The Department has the following premium increase guidelines: (i) the annual increase on any policyholder should be limited to 30%, (ii) the staging period of the increase should be limited to no more than four years, and (iii) the aggregate increase (weighted upon the current premium column vector in the Excel seriatim policy listing) must be under 100%.**

Please refer to attachment Q4 in the attached file: *PA Response Attachments 11 22 22.xlsx*. Our requested increase meets the requirements Department's guidelines.

#### **Objection 5**

**Please provide the letter that will be sent to policyholders to inform them of the increase and their available options.**

Please refer to *2022 Rate Increase Letter (3-Phase Version).pdf* for the rate increase notification letter.

#### **Objection 6**

**Section #3 of the actuarial memo states the following: "A rate increase is necessary at this time due to higher anticipated future and lifetime loss ratios. The higher loss ratios result from a combination of lower lapse, lower death, longer claim continuance, and lower investment earnings on the assets."**

**Please discuss further the adverse morbidity and persistency experience that resulted in the need for the current rate increase. In particular, discuss re-pricing assumptions that have changed from the last increase approved nationwide, discuss any changes due to internal experience studies, and discuss any changes due to updated consultant data.**

This is the first rate increase requested for this block of business nationwide, so the prior assumptions used for this block of business were the original pricing assumptions. Please refer to Section 10 of the actuarial memo for more information.

#### **Objection 7**

**Has Covid 19 been factored into your projections?**

The company believes that COVID-19 probably will be a temporary 2020/2021 impact. The long-term impact is still to be determined. The company has extended the grace period based on state regulations.

#### **Objection 8**

**The cover memo states that the policyholder may" [c]hange benefit options to lower the premium". Can a policyholder increase his elimination period, shorten his benefit period, and drop riders?**



Yes, policyholders may increase the elimination period, shorten the benefit period, drop any riders attached to the policy, or any combination of these options to lower their premium.

**Objection 9**

**Have you included a margin for adverse experience in your projected claims? Is the margin uniform or does it vary in some way? Please explain.**

No margin for adverse experience was used in Exhibit G. However, a 10% margin for moderately adverse experience (MAE) was included in the projected incurred claims for Exhibits H1 & H2, as allowed for loss ratio tests.

**Objection 10**

**Exhibit A indicates that medical necessity is one of the benefit triggers. Is this a non-TQ policy?**

Both policy forms are tax-qualified.

Sincerely,

A handwritten signature in black ink, appearing to read 'Phillip Oh', with a long horizontal line extending to the right.

Phillip Oh, FSA, MAAA  
Consulting Actuary  
818-867-2232  
Phillip.Oh@LifeCareAssurance.com



## LONG TERM CARE INSURANCE POLICY NONPARTICIPATING

**THIS POLICY IS INTENDED TO BE A FEDERALLY TAX-QUALIFIED LONG TERM CARE INSURANCE CONTRACT** AS DEFINED UNDER SECTION 7702B(b) OF THE INTERNAL REVENUE CODE OF 1986, as amended. In the event that future changes in federal law require this Policy to be amended in order to maintain its status as a federally tax-qualified long term care insurance contract, you will be provided with the opportunity to accept or reject any such amendments. You should consult with your attorney, accountant, or tax advisor regarding the tax implications of purchasing this long term care insurance.

**NOTICE TO BUYER:** This Policy may not cover all of the costs associated with long term care incurred by the buyer during the period of coverage. The buyer is advised to review carefully all Policy limitations.

**CAUTION:** The issuance of this Long Term Care Insurance Policy is based upon your responses to the questions on your application. A copy of your application is enclosed. If responses are incorrect or untrue, we have the right to deny benefits or rescind your Policy. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of your answers are incorrect, contact us at the address shown below.

**THIS POLICY IS NOT A MEDICARE SUPPLEMENT POLICY:** If you are eligible for Medicare, review the *Guide to Health Insurance for People with Medicare* available from us.

**INSURING AGREEMENT AND EFFECTIVE DATE:** Subject to the terms and conditions described in this Policy, Assurity Life Insurance Company agrees to pay to you the benefits described in this Policy. We make this agreement and issue this Policy in consideration of: (a) the statements made in your signed application, which is attached to and made a part of this Policy; and (b) payment of the initial premium. This Policy takes effect on the Policy Effective Date shown on the Benefit Schedule.

**GUARANTEED RENEWABLE:** This Policy is guaranteed renewable for life subject to the Benefit Amount. To renew, pay the premium due by the Premium Due Date or within the Grace Period or within the time limit established under the Unintentional Lapse provision. We cannot cancel or refuse to renew this Policy or place any restrictions on it if the premium is paid on time. Premiums are subject to change. We can only change the premium for this Policy if we change premiums for everyone in your state with the same class. A class includes persons with the same benefits, issue age, and premium rate class at issue. We will give you at least 60 days written notice at your last address shown in our records before we change your premium.

**YOUR RIGHT TO A 30-DAY FREE LOOK PERIOD:** If you are not satisfied with this Policy for any reason, you may return it to our insurance producer or us within 30 days from the date you receive it. We will then refund any premium you have paid and this Policy, all riders and attachments will be considered never to have been in effect.

**Read this Policy carefully. It is a legal contract between you and us.**

**Executed for the Company at its Home Office in Lincoln, Nebraska.**



President



Secretary

**Assurity Life Insurance Company  
Home Office: Lincoln, Nebraska  
Long Term Care Administrative Office  
Post Office Box 4243  
Woodland Hills, CA 91365-4243  
(888) 505-3980**

## GUIDE TO YOUR POLICY

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## DEFINITIONS

**Activities of Daily Living** means:

- **Bathing:** Washing oneself by sponge bath; or in either a tub or shower, including the task of getting into or out of the tub or shower.
- **Continence:** The ability to maintain control of bowel and bladder function; or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene (including caring for catheter or colostomy bag).
- **Dressing:** Putting on and taking off all items of clothing and any necessary braces, fasteners, or artificial limbs.
- **Eating:** Feeding oneself by getting food into the body from a receptacle (such as a plate, cup or table) or by a feeding tube or intravenously.
- **Toileting:** Getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.
- **Transferring:** Moving into or out of a bed, chair, or wheelchair.

**Adult Day Care** means a program of services provided to Chronically Ill individuals during the day in a community group setting through an Adult Day Care Center that includes:

- a program for 6 or more individuals;
- social and health-related services; and
- Maintenance or Personal Care Services.

The purpose of such a program is to support frail, impaired elderly or other disabled adults who can benefit from care in a group setting outside the home.

**Adult Day Care Center** means a facility licensed or certified under state law, if any, to provide Adult Day Care to adults who do not require 24-hour institutional care, but are not capable of full-time, independent living.

**Assisted Living Facility** means a place which:

- is licensed or certified under state law to perform the services it is providing, where such licensing or certification is required;
- has at least one trained staff member on duty 24 hours per day;
- provides continuous room and board; and
- provides Maintenance or Personal Care Services required by residents due to their inability to perform the Activities of Daily Living or due to a Severe Cognitive Impairment.

Assisted Living Facilities do not include Hospitals. Unless otherwise excluded in this Policy, Assisted Living Facilities include facilities otherwise named, which meet the above criteria, including secure Alzheimer's units.

**Benefit Schedule** means the pages of this Policy that show Insured Information, Policy Information and Benefit Information.

**Caregiver Training** means training provided by a health care professional to an informal caregiver. The health care professional providing the training must be agreed to by you and by us. The informal caregiver may be an unpaid member of your Family, a friend or neighbor providing care in a setting other than a Hospital, Nursing Facility or Assisted Living Facility. Examples of such training may include, but are not limited to:

- the proper care and use of medical devices such as catheters, intravenous medications, colostomy bags or suctioning tubes;
- assistance with medications, bandages and dressings; or
- the proper performance of various procedures to assist you with your Activities of Daily Living.

Caregiver Training is provided in a setting other than a Hospital, Nursing Facility or Assisted Living Facility.

**Chronically Ill** means that within the previous 12 months you have been certified by a Licensed Health Care Practitioner as:

- being unable to perform, without Substantial Assistance, at least two Activities of Daily Living for a period of at least 90 days due to loss of functional capacity (the 90-day certification is not an additional Elimination Period); or
- requiring Substantial Supervision to protect the individual from threats to health and safety due to a Severe Cognitive Impairment.

**Elimination Period** means the number of days you must receive either Facility Care or Home and Community Based Care, beginning with the day you satisfy the Eligibility for the Payment of Benefits provision, before we will begin paying benefits. Your Elimination Period is shown on the Benefit Schedule. Each day you receive covered services under this Policy counts towards your Elimination Period, unless otherwise noted. Once you have satisfied the Elimination Period, no future Elimination Period is required. Days may be accumulated under separate claims in order to satisfy the Elimination Period. The Elimination Period applies to each insured individually in the case of joint coverage.

The Elimination Period is not applicable to the Caregiver Training or Respite Care Benefits. Use of these benefits does not count toward satisfaction of the Elimination Period for any other benefits payable under this Policy.

**Facility Care** means:

- Qualified Long Term Care Services provided to you in a Nursing Facility or Assisted Living Facility; or
- Maintenance or Personal Care Services performed in an Assisted Living Facility.

**Family** means you or your spouse and those related to you or your spouse; including a parent, sibling, child, grandparent or grandchild (including any of his or her in-laws, step or legally adopted relatives).

**Hands-On Assistance** means the physical assistance (minimal, moderate, or maximal) of another person without which you would be unable to perform the Activity of Daily Living.

**Home and Community Based Care** means Qualified Long Term Care Services provided to you through Adult Day Care, Home Health Care, Hospice Care and Caregiver Training.

**Home Health Aide** means a person other than an RN, LPN or LVN, who provides Maintenance or Personal Care Services through a Home Health Care Agency. A Home Health Aide must be licensed or certified under state law, if any, and acting within the scope of his or her license or certification at the time the treatment or service is performed.

**Home Health Care** means a program of medical and nonmedical services provided to ill, disabled or infirm persons through a Home Health Care Agency or Independent Home Health Caregiver, including:

- professional nursing care by or under the supervision of an RN, LPN or LVN;
- care by a Home Health Aide;
- therapeutic care services by or under the supervision of a speech, occupational, physical, or respiratory therapist licensed or certified under state law, if any, or a registered dietician; or
- Homemaker Services.

Home Health Care is provided in a setting other than a Hospital, Nursing Facility or Assisted Living Facility.

**Home Health Care Agency** means a Hospital, agency, or other provider licensed or certified under state law, if any, to provide Home Health Care.

**Homemaker Services** means necessary services required pursuant to a Plan of Care because you are Chronically Ill. Such services include, but are not limited to, shopping, planning menus, preparing meals, laundry and light cleaning of your home.

**Hospice Care** means Qualified Long Term Care Services which provide a program of care to meet your needs in the event you become terminally ill.

**Hospital** means an institution or facility that is:

- operated pursuant to law and is licensed or approved by the appropriate agency of the state in which it is located; or
- accredited as a Hospital by the Joint Commission on Accreditation of Hospitals.

**Independent Home Health Caregiver:**

- is a person who is agreed upon by you and by us;
- is independently employed and not associated with a Home Health Care Agency;
- provides care within the scope of his or her employment in the performance of Qualified Long Term Care Services; and
- is licensed or certified under state law, if any, and acting within the scope of his or her license at the time the treatment or service is performed.

**Licensed Health Care Practitioner** means:

- a Physician;
- a Registered Nurse; or
- a Licensed Social Worker.

The Licensed Health Care Practitioner must not be a member of your Family.

**Licensed Social Worker** means a duly licensed social worker acting within the scope of his or her license at the time the treatment or service is performed.

**Maintenance or Personal Care Services** means any care provided primarily to give needed assistance to you as a result of your being Chronically Ill (including protection of your health and safety due to a Severe Cognitive Impairment).

**Medicare** means the Health Insurance for the Aged Act, Title XVIII of the Social Security Amendments of 1965 as then constituted or later amended.

**Mental or Nervous Disorders** means neurosis, psychoneurosis, psychopathy, psychosis, or other mental or emotional disease or disorders without demonstrable organic origin. However, this definition does not include Alzheimer's or other demonstrable organic diseases such as senile dementia.

**Nursing Facility** means a facility or institution, other than a Hospital, that:

- is licensed or certified by the state in which it is located;
- is a separate facility or a distinct part of another health care facility;
- provides 24-hour per day skilled, intermediate or custodial nursing care under the supervision of an RN or Physician; and
- maintains a daily record on each patient.

Nursing Facility does not include:

- a place that primarily treats mental disease or disorder, drug addiction or alcoholism;
- a convalescent home, board and rest home, home for the aged, residential care facility, domiciliary and retirement care facility or training center; or
- government or veteran's facility or any other facility where the patient is not required to pay.

**Physician**, as defined in section 1861(r)(1) of the Social Security Act, is a licensed doctor of medicine or osteopathy or any other Licensed Health Care Practitioner that state law requires be recognized as a Physician under this Policy. Physicians must be acting within the scope of their licenses at the time the treatment or service is performed.

**Plan of Care** means a written plan prescribed by a Licensed Health Care Practitioner developed in consultation with you, based upon an assessment indicating you are Chronically Ill. The Plan of Care will recommend the necessary services to be performed. In addition, it will specifically identify the frequency and type of services most suitable to meet your needs, as well as the most appropriate providers for such services. The Plan of Care is updated as your needs change.

**Policy** means this contract with Assurity Life Insurance Company.

**Policy Effective Date** means the date coverage under this Policy and any attached riders is first in force. This date is shown on the Benefit Schedule.

**Qualified Long Term Care Services** means necessary diagnostic, preventive, therapeutic, curing, treating, mitigating and rehabilitative services, and Maintenance or Personal Care Services, which are required by you when you are Chronically Ill, and are provided pursuant to a Plan of Care prescribed by a Licensed Health Care Practitioner.

**Registered Nurse (RN)** means a duly licensed registered graduate professional nurse acting within the scope of his or her license at the time the treatment or service is performed.

**Respite Care** means Qualified Long Term Care Services provided on a short term basis to relieve family or friends who are the primary caregivers in your residence. Respite Care may be provided in your home, a Nursing Facility, Assisted Living Facility or through a community based program.

**Severe Cognitive Impairment** means your deterioration or loss of intellectual capacity, which requires Substantial Supervision by another person to protect yourself or others from threats to health and safety. It is measured by clinical evidence and standardized tests that reliably measure your impairment in:

- short or long term memory;
- your orientation as to person (such as who you are), place (such as your location) and time (such as day, date and year); and
- deductive or abstract reasoning.

A Severe Cognitive Impairment includes Alzheimer's disease and similar forms of irreversible dementia.

**Single Claim Period** means a claim for benefits under this Policy that is not interrupted by a period of 180 consecutive days. If you do not satisfy the Eligibility for the Payment of Benefits provision (because you have recovered and you are no longer receiving benefits under this Policy) for 180 consecutive days or longer, a new Single Claim Period will be established.

**Stand-By Assistance** means the presence of another person within arm's reach of you that is necessary to prevent, by physical intervention, injury to you while you are performing the Activity of Daily Living.

**Substantial Assistance** means Hands-On or Stand-By Assistance.

**Substantial Supervision** means continual supervision by another person to protect you or others from threats to health or safety (such as may result from wandering) when you have a Severe Cognitive Impairment. Such supervision may include cueing by verbal prompting, gestures or other similar demonstrations.

**We, Us, Our** means Assurity Life Insurance Company.

**You, Your** means the person (or persons in the case of joint coverage) named as the insured(s) on the Benefit Schedule.

## **BENEFIT PROVISIONS**

### **Benefit Amount**

Your Benefit Amount is shown on the Benefit Schedule. The total of all benefits we will pay under this Policy and any attached riders will not exceed the Benefit Amount. Your coverage will end after we pay the total Benefit Amount. The Benefit Amount applies to each insured individually in the case of joint coverage.

### **Eligibility for the Payment of Benefits**

While this Policy is in force, you will be eligible for the Payment of Benefits if you are Chronically Ill. This means that within the previous 12 months, you have been certified by a Licensed Health Care Practitioner as:

- being unable to perform, without Substantial Assistance, at least two Activities of Daily Living for an expected period of at least 90 days due to loss of functional capacity; or
- having a Severe Cognitive Impairment.

The expected 90-day period for loss of functional capacity does not establish an additional waiting period beyond any Elimination Period selected before benefits become payable.

## **CONDITIONS ON ELIGIBILITY**

### **Payment of Benefits**

While this Policy is in force, we will pay benefits if:

- you satisfy the Eligibility for the Payment of Benefits provision;
- you have satisfied any applicable Elimination Period shown on the Benefit Schedule;
- you receive services covered under this Policy pursuant to a Plan of Care;
- you have not been paid benefits that exceed the Benefit Amount shown on the Benefit Schedule;
- you satisfy the requirements under the CLAIM PROCEDURES section; and
- your claim is not subject to any limitations or exclusions contained in this Policy.

### **Coverage Outside the United States**

After you satisfy the Payment of Benefits provision, we will pay you a Daily Benefit for covered services outside the United States or its territories, or Canada for up to 30 days per calendar year.

Payment will be the actual daily charges you incur for services covered under this Policy, up to the Daily Benefit shown on the Benefit Schedule. We will subtract the benefits we pay from the Benefit Amount.

### **Facility Care Benefit**

After you satisfy the Payment of Benefits provision, we will pay a Daily Benefit for each day of Facility Care that you receive in a Nursing Facility or Assisted Living Facility.

Payment will be the actual daily Facility Care charges you incur, up to the Daily Benefit shown on the Benefit Schedule. We will subtract the benefits we pay from the Benefit Amount.

### **Facility Bed Reservation Benefit**

After you satisfy the Payment of Benefits provision, we will pay a benefit for your Facility Bed Reservation if you:

- are receiving Facility Care;
- incur a temporary absence from a Nursing Facility or Assisted Living Facility; and
- are charged by the facility to reserve your accommodations.

Payment will be the actual daily charges you incur for the reservation, up to the Daily Benefit shown on the Benefit Schedule. We will subtract the benefits we pay from the Benefit Amount. This benefit is payable for a maximum of 30 days per calendar year.

### **Home and Community Based Care Benefit**

After you satisfy the Payment of Benefits provision, we will pay a Daily Benefit for each day of covered Home and Community Based Care (Adult Day Care, Home Health Care and Hospice Care) you receive.

Payment will be the actual daily Home and Community Based Care charges you incur, up to the Daily Benefit shown on the Benefit Schedule. We will subtract the benefits we pay from the Benefit Amount. This benefit is not payable if you are confined in a facility and receiving Facility Care Benefits, or you are confined in a Hospital.

### **Caregiver Training Benefit**

After you satisfy the Payment of Benefits provision, we will pay a benefit for Caregiver Training, if prescribed in your Plan of Care. This benefit is not subject to the Elimination Period. Use of this benefit does not count towards satisfaction of the Elimination Period for any other benefits payable under this Policy.

Payment will be the actual Caregiver Training charges you incur, up to the Maximum Lifetime Caregiver Training Benefit shown on the Benefit Schedule. We will subtract benefits we pay from the Benefit Amount. The Maximum Lifetime Caregiver Training Benefit is the maximum amount that we will reimburse for all Caregiver Training charges while you are insured under this Policy. We will not pay for Caregiver Training provided to a person who will be paid as your caregiver.



## **Respite Care Benefit**

After you satisfy the Payment of Benefits provision, we will pay a benefit for each day of Respite Care that you receive. This benefit is not subject to the Elimination Period. Use of these services does not count towards satisfaction of the Elimination Period for any other benefits payable under this Policy.

Payment will be the actual daily Facility Care charges or the actual daily Home and Community Based Care charges you incur, up to the Daily Benefit shown on the Benefit Schedule. We will subtract the benefits we pay from the Benefit Amount. Respite Care Benefits are payable for a maximum of 30 days per calendar year.

## **Alternative Plan of Care Benefit**

If you are Chronically Ill and satisfy the Payment of Benefits provision, we will consider paying benefits for an Alternative Plan of Care for Qualified Long Term Care Services not specifically shown as being available under this Policy. Such benefits may include equipment purchases or rentals, permanent or temporary modifications to your residence (such as ramps or rails), or care services not normally covered under the Home and Community Based Care Benefit. We reserve the right to make the final decision on any request for an Alternative Plan of Care.

We will pay for an Alternative Plan of Care if:

- you have satisfied the Payment of Benefits provision; and
- you, your Licensed Health Care Practitioner and we agree that an Alternative Plan of Care is: (a) medically acceptable; and (b) the most cost effective manner in which to provide benefits for your claim under this Policy.

You may, at any time, discontinue receiving benefits under the Alternative Plan of Care and resume receiving any other benefits you are eligible for under this Policy. We will subtract benefits we pay under an Alternative Plan of Care from the Benefit Amount.

## **Waiver of Premium**

After you (either insured in the case of joint coverage) have been confined in a Nursing Facility or an Assisted Living Facility for 90 days and you satisfy the Eligibility for the Payment of Benefits provision, no premiums will be due following the 90th day. The 90 days need not be consecutive, but must be satisfied during a Single Claim Period.

The premium will be waived until you no longer satisfy the Eligibility for the Payment of Benefits provision (because you have recovered and you are no longer receiving benefits under the Policy for confinement in a Nursing Facility or Assisted Living Facility). Premium payments will then again become payable on the next renewal date. Any new Single Claim Period will require satisfaction of a new 90-day period as described above.

## **Optional Personal Care Advisor**

Your Optional Personal Care Advisor will, if requested by you, assist you with questions regarding such matters as:

- availability of facilities and other care and service resources in your area; or
- any other questions you may have about a claim for benefits.

You may contact your Optional Personal Care Advisor by calling the toll-free number shown on the Benefit Schedule.

This is an optional service provided by us which is not required to be used in order to file a claim or receive benefits under the Policy. This service is available to assist you with any questions you may have concerning language contained in this Policy or other general questions, and is not intended to assess your actual eligibility for benefits or the appropriate level of care.

There is no cost to you if you choose to use these services and no benefits will be deducted from the Benefit Amount for their use.

## **Optional Care Coordination**

If you are Chronically Ill, at your option, after you have spoken with your Optional Personal Care Advisor and would like additional care coordination assistance, we will provide assistance with obtaining Optional Care Coordination. The care coordinator will be an RN who will:

- assess and coordinate appropriate care and services;
- provide assistance in developing a Plan of Care;
- if you wish, maintain a continuing role in arranging and monitoring services being provided; and
- assist with necessary claims documentation.

There is no cost to you if you choose to use these services and no benefits will be deducted from the Benefit Amount for their use.

This is an optional service provided by us, at the time of a claim, however, it is not required to be used at the time of claim or for you to receive benefits under this Policy. This service is available only to assist you as described above.

## **LIMITATIONS AND EXCLUSIONS**

### **General Exclusions**

No benefits will be paid and the Elimination Period will not be satisfied for any confinement, care, treatment, or service(s):

- provided to you by a person in your Family;
- provided outside the United States or its territories, or Canada, except as previously described in the Coverage Outside the United States provision;
- for which you have no financial liability or that is provided at no charge in the absence of insurance;
- provided in facilities operated primarily for the treatment of alcoholism or drug addiction;
- providing duplication of benefits provided under any Motor Vehicle Responsibility Law; or
- provided in facilities operated primarily for the treatment of Mental or Nervous Disorders. However, this shall not operate to exclude coverage for loss which results from Alzheimer's or any other demonstrable organic disease such as senile dementia.

### **Nonduplication of Benefits**

Benefits are not payable under this Policy for: (a) expenses incurred to the extent that such expenses are reimbursable under Medicare or would be so reimbursable but for the application of a deductible or coinsurance amount; or (b) for any other state or federal workers' compensation plan, or other governmental program (except Medicaid).

For purposes of satisfying the Elimination Period, days on which you satisfy the Eligibility for the Payment of Benefits provision, but coverage is excluded due to the Nonduplication of Benefits provision, will count toward satisfaction of the Elimination Period.

## **CLAIM PROCEDURES**

**To file a claim for benefits, please provide us with advance notice or advise us as quickly as possible by calling the toll-free number shown on the Benefit Schedule.**

### **Notice of Claim**

You must give us written Notice of Claim within 30 days after you begin receiving care or services covered under this Policy, or as soon thereafter as reasonably possible. You may give notice or you may have someone do it for you. The notice must provide us with sufficient information to identify you. It should be mailed to us at our Long Term Care Administrative Office or to one of our insurance producers.

## **Claim Forms**

After you notify us of a claim, we will send you or your representative a claim form used for filing Proof of Loss. You or your representative must complete it and return it to us.

If we do not send you a claim form within 15 days of your notice to us, you may meet the Proof of Loss requirement by giving us a written statement within the time limit stated in the Proof of Loss provision. The written statement must give us information sufficient to identify you and must outline the nature and extent of your loss.

## **Proof of Loss**

You will be considered to have provided Proof of Loss when we receive a completed claim form and any necessary statements or bills which include the date, nature and charges for all covered care you have received. Proof of Loss must be sent to us within 90 days after the date of your loss. If it is not possible to give us timely Proof of Loss, we will not reduce or deny your claim if Proof of Loss is filed as soon as you reasonably can provide the information to us.

In no event, except in the event of legal incapacity, may Proof of Loss be submitted later than one year from 90 days after the date of your loss.

## **Time of Payment of Claims**

Indemnities payable under this Policy for any loss other than loss for which this Policy provides any periodic payment will be paid immediately upon receipt of due written proof of such loss. Subject to due written Proof of Loss, all accrued indemnities for loss for which this Policy provides periodic payment will be paid not less frequently than monthly and any balance remaining unpaid upon the termination of liability will be paid immediately upon receipt of due written proof.

## **Payment of Claims**

We will pay all benefits to you, or to the owner of this Policy if other than you, or to your assignee. Upon our receipt of proper written documentation, unassigned benefits remaining due upon your death may be paid to your estate. If benefits are payable to your estate, we may pay up to \$1,000 to any relative of yours by blood or marriage who we find is entitled to it. Any payments made in good faith will discharge us with regard to such payment.

We may pay all or a portion of any benefits for care or services covered under this Policy to the provider of such care or services unless you instruct us in writing to do otherwise when you file your Proof of Loss with us. We do not require that you receive care or services from a specifically designated provider.

## **Information on Denial of Claim**

If we deny your claim and do not pay benefits under this Policy, within 60 days of our receipt of a written request from you or your representative, we will provide you or your representative with a written explanation of the reasons for denial and will make available all information directly relating to such denial.

## **Extension of Benefits**

Termination of this Policy will not terminate any benefits payable for Facility Care if your confinement begins while this Policy is in force and continues without interruption after this Policy terminates. Any benefits payable under this provision are subject to the Benefit Amount, any applicable Elimination Period and all other provisions and limitations or exclusions of this Policy.

## **Beneficiary**

The Beneficiary will be the person or persons, named in the application or subsequently changed by written request, to receive any unassigned benefit payments due upon your death (last of your deaths in the case of joint coverage).

You may change the Beneficiary at any time by giving us written notice. A change will not be effective until recorded by us. Once recorded, the change will apply as of the date the request was signed. We will not be liable for any action taken or payment made before a Beneficiary change is recorded. The Beneficiary's consent is not required to change the Policy or Beneficiary, unless the designation of the Beneficiary is irrevocable.

If you designate more than one person as Beneficiary, the interests of all Beneficiaries will be equal unless your designation specifically provides otherwise. The share of any Beneficiary who does not survive you shall pass equally to

the surviving Beneficiaries, unless your designation specifically provides otherwise. If no Beneficiary is designated or no Beneficiary survives you, then your estate will be the Beneficiary.

### **Plan of Care Updates and Examinations**

While you are receiving benefits under this Policy we will periodically require copies of updates to your Plan of Care, as well as an updated Licensed Health Care Practitioner certification as described in the Eligibility for the Payment of Benefits provision in this Policy.

In addition, we may require that a Licensed Health Care Practitioner examine you or provide us with an assessment while a claim is pending or while you are receiving benefits, as often as reasonably required. We will pay for these examinations or assessments and will choose the individual to perform them.

Additional examination or assessment will not be required during the 90-day period where a Licensed Health Care Practitioner has certified to a loss of functional capacity, as described in the Eligibility for the Payment of Benefits provision in this Policy.

### **Appealing a Claim**

We will evaluate your claim based on the provisions of this Policy and the information given by you, your Licensed Health Care Practitioner and other available sources. We will inform you in writing if we deny your claim or any part of your claim as described under Information on Denial of Claim above. If you do not agree with a claim decision, you or your representative may appeal the denial. The appeal must be in writing to us and include all information that pertains to the claim. No special form is needed. We will review your request and notify you or your representative of our decision within 30 working days of receiving the request.

### **Legal Action**

Legal action to obtain benefits under this Policy may not be started earlier than 60 days after required Proof of Loss has been filed with us. Further, no legal action may be started later than three years after required Proof of Loss was filed with us.

## **PAYMENT OF PREMIUM**

### **Premium Due Dates**

The first premium is due on the Policy Effective Date shown on the Benefit Schedule. After the first premium has been paid, premiums will be due in the amount and frequency shown on the premium statement that we will mail to you.

### **Payment Responsibility**

You are responsible for payment of all your premiums due while coverage is in force. Payment must be sent to us at our Long Term Care Administrative Office, or any other office that we may designate.

### **Unpaid Premium**

We may deduct any premium due and unpaid from any claim payment payable under this Policy.

### **Grace Period**

Except for the first premium, you will have 31 days after each due date to pay the premium due. This Policy remains in force during the Grace Period and during the period of time described below in the Unintentional Lapse provision.

### **Unintentional Lapse**

If your premium is not paid by the 30th day of the Grace Period, we will provide written notice to you and any individuals designated by you to receive notice of lapse due to nonpayment of premium. Notice will be sent at least 30 days before cancellation of your coverage. Notice shall be deemed to have been given as of five days after the mailing.

If your premium is not paid within 35 days after notice is sent, this Policy will lapse for nonpayment of premium.

## **Refund of Unearned Premium**

Upon your death, we will refund any unearned premium for this Policy on a pro-rata basis. We will make this refund in accordance with the Payment of Claims provision, within 30 days of receipt of proof of your death.

If you (both insureds in the case of joint coverage) request in writing to cancel this Policy, we will refund any unearned premium to you on a pro-rata basis. Cancellation will be effective upon receipt of your request or a later date specified by you. Cancellation will be without prejudice to any claim originating prior to the effective date of cancellation.

## **GENERAL POLICY PROVISIONS**

### **Misstatement of Age**

If your age is misstated on the application, we may, at any time, adjust your benefits to reflect your correct age.

### **Entire Contract; Changes**

This Policy, the attached application, plus any riders and additional attachments, is the entire contract. No insurance producer, employee, or person other than one of our officers has authority to change this Policy. Any change must be shown on your Policy and approved in writing.

### **Incontestability**

If this Policy has been in force for less than six months, upon a showing of misrepresentation that is material to the acceptance of coverage, we may rescind this Policy or deny an otherwise valid claim on this Policy.

If this Policy has been in force for at least six months, but less than two years, and if we can show the misrepresentation is both material to the acceptance of coverage and that it pertains to the condition for which benefits are sought, we may rescind this Policy or deny an otherwise valid claim on this Policy.

After this Policy has been in force for two years it is not contestable upon the grounds of misrepresentation alone. After two years, this Policy may be contested only upon a showing that you knowingly and intentionally misrepresented relevant facts relating to your health.

If we have paid benefits under this Policy and in the event this Policy is subsequently rescinded, we will not seek recovery of benefit payments made.

### **Policy Termination**

This Policy will terminate and your coverage will end on the earliest of:

- the date that the total of all benefits paid under this Policy is equal to the Benefit Amount shown on the Benefit Schedule;
- the date we receive a written request from the owner of the Policy (both owners in the case of joint coverage) to cancel this Policy (or a later date specified by you in the cancellation request);
- the date this Policy lapses for nonpayment of premium as described in the Unintentional Lapse provision; or
- the date of your death (last of your deaths in the case of joint coverage).

If this Policy provides joint coverage and only one of you has exhausted the Benefit Amount as described above, coverage will continue for the remaining insured as described in the Joint Coverage provision below.

Any termination of this Policy is subject to the Extension of Benefits provision and any riders shown on the Benefit Schedule providing nonforfeiture benefits.

### **Reinstatement – Lapse Due to Severe Cognitive Impairment or Functional Incapacity**

If your coverage has lapsed due to your Severe Cognitive Impairment or functional incapacity, your coverage may be reinstated without an application if:

- you or your representative requests reinstatement in writing within five months after termination of this Policy;

- we receive evidence satisfactory to us that you have a Severe Cognitive Impairment or functional incapacity; and
- we receive all past due and unpaid premiums.

This Policy will then be reinstated as of the date of lapse and both you and we shall have the same rights that existed prior to the due date of the premium in default.

### **Reinstatement – Lapse Due to Nonpayment of Premium**

Without requiring an application, we may accept your past due and unpaid premiums, up to one year after lapse. Those payments will reinstate this Policy and put it back in force.

If we require an application for reinstatement, your coverage may be reinstated within one year after lapse if:

- you complete the application for reinstatement;
- we receive all past due and unpaid premiums (for which we will give you a conditional receipt); and
- you are insurable under our underwriting rules in effect at the time you apply for reinstatement.

Reinstatement by application will be effective:

- on the date we approve your application; or
- on the 45th day following the date of the conditional receipt, if we have not previously declined your application in writing.

The reinstated Policy will cover only loss due to:

- sickness incurred more than 10 days after the date of reinstatement; and
- injury sustained after the date of reinstatement.

Upon reinstatement of this Policy, as of the date of lapse, both you and we shall have the same rights that existed prior to the due date of the premium in default. Premium rates for the reinstated Policy will be based on your original issue age.

### **Joint Coverage**

This Policy provides equal coverage for two persons if both apply and are issued coverage under this Policy. The name of each insured covered under this Policy is shown on the Benefit Schedule.

All benefits, Eligibility for the Payment of Benefits, Payment of Benefits, Elimination Periods, Benefit Amount and limitations or exclusions described in this Policy or shown on the Benefit Schedule apply to each insured individually and separately, unless otherwise noted.

When one of you dies (and we receive proof of death), or one of you exhausts your benefits or terminates coverage as described in the Policy Termination provision, coverage continues for the remaining insured. The new premium rate will be the premium that would have been charged for an individual Policy at the original issue age and risk class of the remaining insured. The premium will be based on the premium rate table in effect at the time of the death, exhaustion of benefits or termination. Any unearned portion of the difference between the current joint premium and the new premium will be refunded to the remaining insured (both insureds in the event of termination of coverage) on a pro-rata basis. The new premium for the continued coverage will be due on this Policy's next Premium Due Date. If the remaining insured provides written notification not to continue joint coverage, we will refund the unearned portion of the joint coverage premium on a pro-rata basis and coverage under this Policy will be terminated.

If each of you provides a written request for termination of joint coverage, we will convert this joint Policy to separate individual policies with the same coverage, effective on the next Premium Due Date, terminating this joint coverage on that date. Your converted coverage will be at the same premium rate that would have been charged for an individual Policy at your original issue age and risk class. The premium will be based on the premium rate table in effect on the date the conversion is effective. Each of you will have 30 days to examine the converted Policy. It may be returned to us or our insurance producer within 30 days after it is received. We will then refund any premium paid for the converted coverage and the Policy will be considered void from the date of conversion. Once joint coverage is terminated, the individual policies may not be converted back to joint coverage. Any applicable nonforfeiture benefits will be divided proportionately between the individual policies based on the individual premiums shown on the Benefit Schedule.

**Policy Ownership**

You (both insureds in the case of joint coverage) are the owner of this Policy unless otherwise provided in the application or changed by written request. While you are living, the owner may exercise every right and receive every benefit provided by this Policy. If the owner is not you and the owner dies while you are living, unless otherwise provided, all rights of the owner shall be transferred to the owner's executors or administrators.

**Assignment**

No assignment of interest under this Policy will be binding upon us unless the original or a copy of the assignment is filed with us at our Long Term Care Administrative Office. We do not assume any responsibility for the validity of an assignment.

**Conformity with State Statutes**

Any part of this Policy that, on the Policy Effective Date, conflicts with the laws of the state in which you reside on such date, is hereby amended to meet the minimum requirements of those laws.



## FRANCHISE LONG TERM CARE INSURANCE POLICY NONPARTICIPATING

**THIS POLICY IS INTENDED TO BE A FEDERALLY TAX-QUALIFIED LONG TERM CARE INSURANCE CONTRACT** AS DEFINED UNDER SECTION 7702B(b) OF THE INTERNAL REVENUE CODE OF 1986, as amended. In the event that future changes in federal law require this Policy to be amended in order to maintain its status as a federally tax-qualified long term care insurance contract, you will be provided with the opportunity to accept or reject any such amendments. You should consult with your attorney, accountant, or tax advisor regarding the tax implications of purchasing this long term care insurance.

**NOTICE TO BUYER:** This Policy may not cover all of the costs associated with long term care incurred by the buyer during the period of coverage. The buyer is advised to review carefully all Policy limitations.

**CAUTION:** The issuance of this Franchise Long Term Care Insurance Policy is based upon your responses to the questions on your application. A copy of your application is enclosed. If responses are incorrect or untrue, we have the right to deny benefits or rescind your Policy. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of your answers are incorrect, contact us at the address shown below.

**THIS POLICY IS NOT A MEDICARE SUPPLEMENT POLICY:** If you are eligible for Medicare, review the *Guide to Health Insurance for People with Medicare* available from us.

**FRANCHISE COVERAGE ELIGIBILITY, INSURING AGREEMENT AND EFFECTIVE DATE:** You are eligible for franchise coverage since you are a member of the association or are an employee of the employer shown on the Benefit Schedule page of this Policy. Subject to the terms and conditions described in this Policy, Assurity Life Insurance Company agrees to pay to you the benefits described in this Policy. We make this agreement and issue this Policy in consideration of: (a) the statements made in your signed application, which is attached to and made a part of this Policy; and (b) payment of the initial premium. This Policy takes effect on the Policy Effective Date shown on the Benefit Schedule.

**GUARANTEED RENEWABLE:** This Policy is guaranteed renewable for life subject to the Benefit Amount, even if you terminate your membership with the association, or cease working for your employer, shown on the Benefit Schedule of this Policy. To renew, pay the premium due by the Premium Due Date or within the Grace Period or within the time limit established under the Unintentional Lapse provision. We cannot cancel or refuse to renew this Policy or place any restrictions on it if the premium is paid on time. Premiums are subject to change. We can only change the premium for this Policy if we change premiums for everyone in your state with the same class. A class includes persons with the same benefits, issue age, and premium rate class at issue. We will give you at least 60 days written notice at your last address shown in our records before we change your premium. Your premium will not change solely due to termination of your membership with the association, or if you cease to work for your employer, shown on the Benefit Schedule of this Policy.

**YOUR RIGHT TO A 30-DAY FREE LOOK PERIOD:** If you are not satisfied with this Policy for any reason, you may return it to our insurance producer or us within 30 days from the date you receive it. We will then refund any premium you have paid and this Policy, all riders and attachments will be considered never to have been in effect.

**Read this Policy carefully. It is a legal contract between you and us.**

**Executed for the Company at its Home Office in Lincoln, Nebraska.**



President



Secretary

**Assurity Life Insurance Company  
Home Office: Lincoln, Nebraska  
Long Term Care Administrative Office  
Post Office Box 4243  
Woodland Hills, CA 91365-4243  
(888) 505-3980**



## GUIDE TO YOUR POLICY

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## DEFINITIONS

**Activities of Daily Living** means:

- **Bathing:** Washing oneself by sponge bath; or in either a tub or shower, including the task of getting into or out of the tub or shower.
- **Continence:** The ability to maintain control of bowel and bladder function; or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene (including caring for catheter or colostomy bag).
- **Dressing:** Putting on and taking off all items of clothing and any necessary braces, fasteners, or artificial limbs.
- **Eating:** Feeding oneself by getting food into the body from a receptacle (such as a plate, cup or table) or by a feeding tube or intravenously.
- **Toileting:** Getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.
- **Transferring:** Moving into or out of a bed, chair, or wheelchair.

**Adult Day Care** means a program of services provided to Chronically Ill individuals during the day in a community group setting through an Adult Day Care Center that includes:

- a program for 6 or more individuals;
- social and health-related services; and
- Maintenance or Personal Care Services.

The purpose of such a program is to support frail, impaired elderly or other disabled adults who can benefit from care in a group setting outside the home.

**Adult Day Care Center** means a facility licensed or certified under state law, if any, to provide Adult Day Care to adults who do not require 24-hour institutional care, but are not capable of full-time, independent living.

**Assisted Living Facility** means a place which:

- is licensed or certified under state law to perform the services it is providing, where such licensing or certification is required;
- has at least one trained staff member on duty 24 hours per day;
- provides continuous room and board; and
- provides Maintenance or Personal Care Services required by residents due to their inability to perform the Activities of Daily Living or due to a Severe Cognitive Impairment.

Assisted Living Facilities do not include Hospitals. Unless otherwise excluded in this Policy, Assisted Living Facilities include facilities otherwise named, which meet the above criteria, including secure Alzheimer's units.

**Benefit Schedule** means the pages of this Policy that show Insured Information, Policy Information and Benefit Information.

**Caregiver Training** means training provided by a health care professional to an informal caregiver. The health care professional providing the training must be agreed to by you and by us. The informal caregiver may be an unpaid member of your Family, a friend or neighbor providing care in a setting other than a Hospital, Nursing Facility or Assisted Living Facility. Examples of such training may include, but are not limited to:

- the proper care and use of medical devices such as catheters, intravenous medications, colostomy bags or suctioning tubes;
- assistance with medications, bandages and dressings; or
- the proper performance of various procedures to assist you with your Activities of Daily Living.

Caregiver Training is provided in a setting other than a Hospital, Nursing Facility or Assisted Living Facility.

**Chronically Ill** means that within the previous 12 months you have been certified by a Licensed Health Care Practitioner as:

- being unable to perform, without Substantial Assistance, at least two Activities of Daily Living for a period of at least 90 days due to loss of functional capacity (the 90-day certification is not an additional Elimination Period); or
- requiring Substantial Supervision to protect the individual from threats to health and safety due to a Severe Cognitive Impairment.

**Elimination Period** means the number of days you must receive either Facility Care or Home and Community Based Care, beginning with the day you satisfy the Eligibility for the Payment of Benefits provision, before we will begin paying benefits. Your Elimination Period is shown on the Benefit Schedule. Each day you receive covered services under this Policy counts towards your Elimination Period, unless otherwise noted. Once you have satisfied the Elimination Period, no future Elimination Period is required. Days may be accumulated under separate claims in order to satisfy the Elimination Period. The Elimination Period applies to each insured individually in the case of joint coverage.

The Elimination Period is not applicable to the Caregiver Training or Respite Care Benefits. Use of these benefits does not count toward satisfaction of the Elimination Period for any other benefits payable under this Policy.

**Facility Care** means:

- Qualified Long Term Care Services provided to you in a Nursing Facility or Assisted Living Facility; or
- Maintenance or Personal Care Services performed in an Assisted Living Facility.

**Family** means you or your spouse and those related to you or your spouse; including a parent, sibling, child, grandparent or grandchild (including any of his or her in-laws, step or legally adopted relatives).

**Hands-On Assistance** means the physical assistance (minimal, moderate, or maximal) of another person without which you would be unable to perform the Activity of Daily Living.

**Home and Community Based Care** means Qualified Long Term Care Services provided to you through Adult Day Care, Home Health Care, Hospice Care and Caregiver Training.

**Home Health Aide** means a person other than an RN, LPN or LVN, who provides Maintenance or Personal Care Services through a Home Health Care Agency. A Home Health Aide must be licensed or certified under state law, if any, and acting within the scope of his or her license or certification at the time the treatment or service is performed.

**Home Health Care** means a program of medical and nonmedical services provided to ill, disabled or infirm persons through a Home Health Care Agency or Independent Home Health Caregiver, including:

- professional nursing care by or under the supervision of an RN, LPN or LVN;
- care by a Home Health Aide;
- therapeutic care services by or under the supervision of a speech, occupational, physical, or respiratory therapist licensed or certified under state law, if any, or a registered dietician; or
- Homemaker Services.

Home Health Care is provided in a setting other than a Hospital, Nursing Facility or Assisted Living Facility.

**Home Health Care Agency** means a Hospital, agency, or other provider licensed or certified under state law, if any, to provide Home Health Care.

**Homemaker Services** means necessary services required pursuant to a Plan of Care because you are Chronically Ill. Such services include, but are not limited to, shopping, planning menus, preparing meals, laundry and light cleaning of your home.

**Hospice Care** means Qualified Long Term Care Services which provide a program of care to meet your needs in the event you become terminally ill.

**Hospital** means an institution or facility that is:

- operated pursuant to law and is licensed or approved by the appropriate agency of the state in which it is located; or
- accredited as a Hospital by the Joint Commission on Accreditation of Hospitals.

**Independent Home Health Caregiver:**

- is a person who is agreed upon by you and by us;
- is independently employed and not associated with a Home Health Care Agency;
- provides care within the scope of his or her employment in the performance of Qualified Long Term Care Services; and
- is licensed or certified under state law, if any, and acting within the scope of his or her license at the time the treatment or service is performed.

**Licensed Health Care Practitioner** means:

- a Physician;
- a Registered Nurse; or
- a Licensed Social Worker.

The Licensed Health Care Practitioner must not be a member of your Family.

**Licensed Social Worker** means a duly licensed social worker acting within the scope of his or her license at the time the treatment or service is performed.

**Maintenance or Personal Care Services** means any care provided primarily to give needed assistance to you as a result of your being Chronically Ill (including protection of your health and safety due to a Severe Cognitive Impairment).

**Medicare** means the Health Insurance for the Aged Act, Title XVIII of the Social Security Amendments of 1965 as then constituted or later amended.

**Mental or Nervous Disorders** means neurosis, psychoneurosis, psychopathy, psychosis, or other mental or emotional disease or disorders without demonstrable organic origin. However, this definition does not include Alzheimer's or other demonstrable organic diseases such as senile dementia.

**Nursing Facility** means a facility or institution, other than a Hospital, that:

- is licensed or certified by the state in which it is located;
- is a separate facility or a distinct part of another health care facility;
- provides 24-hour per day skilled, intermediate or custodial nursing care under the supervision of an RN or Physician; and
- maintains a daily record on each patient.

Nursing Facility does not include:

- a place that primarily treats mental disease or disorder, drug addiction or alcoholism;
- a convalescent home, board and rest home, home for the aged, residential care facility, domiciliary and retirement care facility or training center; or
- government or veteran's facility or any other facility where the patient is not required to pay.

**Physician**, as defined in section 1861(r)(1) of the Social Security Act, is a licensed doctor of medicine or osteopathy or any other Licensed Health Care Practitioner that state law requires be recognized as a Physician under this Policy. Physicians must be acting within the scope of their licenses at the time the treatment or service is performed.

**Plan of Care** means a written plan prescribed by a Licensed Health Care Practitioner developed in consultation with you, based upon an assessment indicating you are Chronically Ill. The Plan of Care will recommend the necessary services to be performed. In addition, it will specifically identify the frequency and type of services most suitable to meet your needs, as well as the most appropriate providers for such services. The Plan of Care is updated as your needs change.

**Policy** means this contract with Assurity Life Insurance Company.

**Policy Effective Date** means the date coverage under this Policy and any attached riders is first in force. This date is shown on the Benefit Schedule.

**Qualified Long Term Care Services** means necessary diagnostic, preventive, therapeutic, curing, treating, mitigating and rehabilitative services, and Maintenance or Personal Care Services, which are required by you when you are Chronically Ill, and are provided pursuant to a Plan of Care prescribed by a Licensed Health Care Practitioner.

**Registered Nurse (RN)** means a duly licensed registered graduate professional nurse acting within the scope of his or her license at the time the treatment or service is performed.

**Respite Care** means Qualified Long Term Care Services provided on a short term basis to relieve family or friends who are the primary caregivers in your residence. Respite Care may be provided in your home, a Nursing Facility, Assisted Living Facility or through a community based program.

**Severe Cognitive Impairment** means your deterioration or loss of intellectual capacity, which requires Substantial Supervision by another person to protect yourself or others from threats to health and safety. It is measured by clinical evidence and standardized tests that reliably measure your impairment in:

- short or long term memory;
- your orientation as to person (such as who you are), place (such as your location) and time (such as day, date and year); and
- deductive or abstract reasoning.

A Severe Cognitive Impairment includes Alzheimer's disease and similar forms of irreversible dementia.

**Single Claim Period** means a claim for benefits under this Policy that is not interrupted by a period of 180 consecutive days. If you do not satisfy the Eligibility for the Payment of Benefits provision (because you have recovered and you are no longer receiving benefits under this Policy) for 180 consecutive days or longer, a new Single Claim Period will be established.

**Stand-By Assistance** means the presence of another person within arm's reach of you that is necessary to prevent, by physical intervention, injury to you while you are performing the Activity of Daily Living.

**Substantial Assistance** means Hands-On or Stand-By Assistance.

**Substantial Supervision** means continual supervision by another person to protect you or others from threats to health or safety (such as may result from wandering) when you have a Severe Cognitive Impairment. Such supervision may include cueing by verbal prompting, gestures or other similar demonstrations.

**We, Us, Our** means Assurity Life Insurance Company.

**You, Your** means the person (or persons in the case of joint coverage) named as the insured(s) on the Benefit Schedule.

## **BENEFIT PROVISIONS**

### **Benefit Amount**

Your Benefit Amount is shown on the Benefit Schedule. The total of all benefits we will pay under this Policy and any attached riders will not exceed the Benefit Amount. Your coverage will end after we pay the total Benefit Amount. The Benefit Amount applies to each insured individually in the case of joint coverage.

### **Eligibility for the Payment of Benefits**

While this Policy is in force, you will be eligible for the Payment of Benefits if you are Chronically Ill. This means that within the previous 12 months, you have been certified by a Licensed Health Care Practitioner as:

- being unable to perform, without Substantial Assistance, at least two Activities of Daily Living for an expected period of at least 90 days due to loss of functional capacity; or
- having a Severe Cognitive Impairment.

The expected 90-day period for loss of functional capacity does not establish an additional waiting period beyond any Elimination Period selected before benefits become payable.

## **CONDITIONS ON ELIGIBILITY**

### **Payment of Benefits**

While this Policy is in force, we will pay benefits if:

- you satisfy the Eligibility for the Payment of Benefits provision;
- you have satisfied any applicable Elimination Period shown on the Benefit Schedule;
- you receive services covered under this Policy pursuant to a Plan of Care;
- you have not been paid benefits that exceed the Benefit Amount shown on the Benefit Schedule;
- you satisfy the requirements under the CLAIM PROCEDURES section; and
- your claim is not subject to any limitations or exclusions contained in this Policy.

### **Coverage Outside the United States**

After you satisfy the Payment of Benefits provision, we will pay you a Daily Benefit for covered services outside the United States or its territories, or Canada for up to 30 days per calendar year.

Payment will be the actual daily charges you incur for services covered under this Policy, up to the Daily Benefit shown on the Benefit Schedule. We will subtract the benefits we pay from the Benefit Amount.

### **Facility Care Benefit**

After you satisfy the Payment of Benefits provision, we will pay a Daily Benefit for each day of Facility Care that you receive in a Nursing Facility or Assisted Living Facility.

Payment will be the actual daily Facility Care charges you incur, up to the Daily Benefit shown on the Benefit Schedule. We will subtract the benefits we pay from the Benefit Amount.

### **Facility Bed Reservation Benefit**

After you satisfy the Payment of Benefits provision, we will pay a benefit for your Facility Bed Reservation if you:

- are receiving Facility Care;
- incur a temporary absence from a Nursing Facility or Assisted Living Facility; and
- are charged by the facility to reserve your accommodations.

Payment will be the actual daily charges you incur for the reservation, up to the Daily Benefit shown on the Benefit Schedule. We will subtract the benefits we pay from the Benefit Amount. This benefit is payable for a maximum of 30 days per calendar year.

### **Home and Community Based Care Benefit**

After you satisfy the Payment of Benefits provision, we will pay a Daily Benefit for each day of covered Home and Community Based Care (Adult Day Care, Home Health Care and Hospice Care) you receive.

Payment will be the actual daily Home and Community Based Care charges you incur, up to the Daily Benefit shown on the Benefit Schedule. We will subtract the benefits we pay from the Benefit Amount. This benefit is not payable if you are confined in a facility and receiving Facility Care Benefits, or you are confined in a Hospital.

### **Caregiver Training Benefit**

After you satisfy the Payment of Benefits provision, we will pay a benefit for Caregiver Training, if prescribed in your Plan of Care. This benefit is not subject to the Elimination Period. Use of this benefit does not count towards satisfaction of the Elimination Period for any other benefits payable under this Policy.

Payment will be the actual Caregiver Training charges you incur, up to the Maximum Lifetime Caregiver Training Benefit shown on the Benefit Schedule. We will subtract benefits we pay from the Benefit Amount. The Maximum Lifetime Caregiver Training Benefit is the maximum amount that we will reimburse for all Caregiver Training charges while you are insured under this Policy. We will not pay for Caregiver Training provided to a person who will be paid as your caregiver.

## **Respite Care Benefit**

After you satisfy the Payment of Benefits provision, we will pay a benefit for each day of Respite Care that you receive. This benefit is not subject to the Elimination Period. Use of these services does not count towards satisfaction of the Elimination Period for any other benefits payable under this Policy.

Payment will be the actual daily Facility Care charges or the actual daily Home and Community Based Care charges you incur, up to the Daily Benefit shown on the Benefit Schedule. We will subtract the benefits we pay from the Benefit Amount. Respite Care Benefits are payable for a maximum of 30 days per calendar year.

## **Alternative Plan of Care Benefit**

If you are Chronically Ill and satisfy the Payment of Benefits provision, we will consider paying benefits for an Alternative Plan of Care for Qualified Long Term Care Services not specifically shown as being available under this Policy. Such benefits may include equipment purchases or rentals, permanent or temporary modifications to your residence (such as ramps or rails), or care services not normally covered under the Home and Community Based Care Benefit. We reserve the right to make the final decision on any request for an Alternative Plan of Care.

We will pay for an Alternative Plan of Care if:

- you have satisfied the Payment of Benefits provision; and
- you, your Licensed Health Care Practitioner and we agree that an Alternative Plan of Care is: (a) medically acceptable; and (b) the most cost effective manner in which to provide benefits for your claim under this Policy.

You may, at any time, discontinue receiving benefits under the Alternative Plan of Care and resume receiving any other benefits you are eligible for under this Policy. We will subtract benefits we pay under an Alternative Plan of Care from the Benefit Amount.

## **Waiver of Premium**

After you (either insured in the case of joint coverage) have been confined in a Nursing Facility or an Assisted Living Facility for 90 days and you satisfy the Eligibility for the Payment of Benefits provision, no premiums will be due following the 90th day. The 90 days need not be consecutive, but must be satisfied during a Single Claim Period.

The premium will be waived until you no longer satisfy the Eligibility for the Payment of Benefits provision (because you have recovered and you are no longer receiving benefits under the Policy for confinement in a Nursing Facility or Assisted Living Facility). Premium payments will then again become payable on the next renewal date. Any new Single Claim Period will require satisfaction of a new 90-day period as described above.

## **Optional Personal Care Advisor**

Your Optional Personal Care Advisor will, if requested by you, assist you with questions regarding such matters as:

- availability of facilities and other care and service resources in your area; or
- any other questions you may have about a claim for benefits.

You may contact your Optional Personal Care Advisor by calling the toll-free number shown on the Benefit Schedule.

This is an optional service provided by us which is not required to be used in order to file a claim or receive benefits under the Policy. This service is available to assist you with any questions you may have concerning language contained in this Policy or other general questions, and is not intended to assess your actual eligibility for benefits or the appropriate level of care.

There is no cost to you if you choose to use these services and no benefits will be deducted from the Benefit Amount for their use.

## **Optional Care Coordination**

If you are Chronically Ill, at your option, after you have spoken with your Optional Personal Care Advisor and would like additional care coordination assistance, we will provide assistance with obtaining Optional Care Coordination. The care coordinator will be an RN who will:

- assess and coordinate appropriate care and services;
- provide assistance in developing a Plan of Care;
- if you wish, maintain a continuing role in arranging and monitoring services being provided; and
- assist with necessary claims documentation.

There is no cost to you if you choose to use these services and no benefits will be deducted from the Benefit Amount for their use.

This is an optional service provided by us, at the time of a claim, however, it is not required to be used at the time of claim or for you to receive benefits under this Policy. This service is available only to assist you as described above.

## **LIMITATIONS AND EXCLUSIONS**

### **General Exclusions**

No benefits will be paid and the Elimination Period will not be satisfied for any confinement, care, treatment, or service(s):

- provided to you by a person in your Family;
- provided outside the United States or its territories, or Canada, except as previously described in the Coverage Outside the United States provision;
- for which you have no financial liability or that is provided at no charge in the absence of insurance;
- provided in facilities operated primarily for the treatment of alcoholism or drug addiction;
- providing duplication of benefits provided under any Motor Vehicle Responsibility Law; or
- provided in facilities operated primarily for the treatment of Mental or Nervous Disorders. However, this shall not operate to exclude coverage for loss which results from Alzheimer's or any other demonstrable organic disease such as senile dementia.

### **Nonduplication of Benefits**

Benefits are not payable under this Policy for: (a) expenses incurred to the extent that such expenses are reimbursable under Medicare or would be so reimbursable but for the application of a deductible or coinsurance amount; or (b) for any other state or federal workers' compensation plan, or other governmental program (except Medicaid).

For purposes of satisfying the Elimination Period, days on which you satisfy the Eligibility for the Payment of Benefits provision, but coverage is excluded due to the Nonduplication of Benefits provision, will count toward satisfaction of the Elimination Period.

## **CLAIM PROCEDURES**

**To file a claim for benefits, please provide us with advance notice or advise us as quickly as possible by calling the toll-free number shown on the Benefit Schedule.**

### **Notice of Claim**

You must give us written Notice of Claim within 30 days after you begin receiving care or services covered under this Policy, or as soon thereafter as reasonably possible. You may give notice or you may have someone do it for you. The notice must provide us with sufficient information to identify you. It should be mailed to us at our Long Term Care Administrative Office or to one of our insurance producers.



## **Claim Forms**

After you notify us of a claim, we will send you or your representative a claim form used for filing Proof of Loss. You or your representative must complete it and return it to us.

If we do not send you a claim form within 15 days of your notice to us, you may meet the Proof of Loss requirement by giving us a written statement within the time limit stated in the Proof of Loss provision. The written statement must give us information sufficient to identify you and must outline the nature and extent of your loss.

## **Proof of Loss**

You will be considered to have provided Proof of Loss when we receive a completed claim form and any necessary statements or bills which include the date, nature and charges for all covered care you have received. Proof of Loss must be sent to us within 90 days after the date of your loss. If it is not possible to give us timely Proof of Loss, we will not reduce or deny your claim if Proof of Loss is filed as soon as you reasonably can provide the information to us.

In no event, except in the event of legal incapacity, may Proof of Loss be submitted later than one year from 90 days after the date of your loss.

## **Time of Payment of Claims**

Indemnities payable under this Policy for any loss other than loss for which this Policy provides any periodic payment will be paid immediately upon receipt of due written proof of such loss. Subject to due written Proof of Loss, all accrued indemnities for loss for which this Policy provides periodic payment will be paid not less frequently than monthly and any balance remaining unpaid upon the termination of liability will be paid immediately upon receipt of due written proof.

## **Payment of Claims**

We will pay all benefits to you, or to the owner of this Policy if other than you, or to your assignee. Upon our receipt of proper written documentation, unassigned benefits remaining due upon your death may be paid to your estate. If benefits are payable to your estate, we may pay up to \$1,000 to any relative of yours by blood or marriage who we find is entitled to it. Any payments made in good faith will discharge us with regard to such payment.

We may pay all or a portion of any benefits for care or services covered under this Policy to the provider of such care or services unless you instruct us in writing to do otherwise when you file your Proof of Loss with us. We do not require that you receive care or services from a specifically designated provider.

## **Information on Denial of Claim**

If we deny your claim and do not pay benefits under this Policy, within 60 days of our receipt of a written request from you or your representative, we will provide you or your representative with a written explanation of the reasons for denial and will make available all information directly relating to such denial.

## **Extension of Benefits**

Termination of this Policy will not terminate any benefits payable for Facility Care if your confinement begins while this Policy is in force and continues without interruption after this Policy terminates. Any benefits payable under this provision are subject to the Benefit Amount, any applicable Elimination Period and all other provisions and limitations or exclusions of this Policy.

## **Beneficiary**

The Beneficiary will be the person or persons, named in the application or subsequently changed by written request, to receive any unassigned benefit payments due upon your death (last of your deaths in the case of joint coverage).

You may change the Beneficiary at any time by giving us written notice. A change will not be effective until recorded by us. Once recorded, the change will apply as of the date the request was signed. We will not be liable for any action taken or payment made before a Beneficiary change is recorded. The Beneficiary's consent is not required to change the Policy or Beneficiary, unless the designation of the Beneficiary is irrevocable.

If you designate more than one person as Beneficiary, the interests of all Beneficiaries will be equal unless your designation specifically provides otherwise. The share of any Beneficiary who does not survive you shall pass equally to

the surviving Beneficiaries, unless your designation specifically provides otherwise. If no Beneficiary is designated or no Beneficiary survives you, then your estate will be the Beneficiary.

### **Plan of Care Updates and Examinations**

While you are receiving benefits under this Policy we will periodically require copies of updates to your Plan of Care, as well as an updated Licensed Health Care Practitioner certification as described in the Eligibility for the Payment of Benefits provision in this Policy.

In addition, we may require that a Licensed Health Care Practitioner examine you or provide us with an assessment while a claim is pending or while you are receiving benefits, as often as reasonably required. We will pay for these examinations or assessments and will choose the individual to perform them.

Additional examination or assessment will not be required during the 90-day period where a Licensed Health Care Practitioner has certified to a loss of functional capacity, as described in the Eligibility for the Payment of Benefits provision in this Policy.

### **Appealing a Claim**

We will evaluate your claim based on the provisions of this Policy and the information given by you, your Licensed Health Care Practitioner and other available sources. We will inform you in writing if we deny your claim or any part of your claim as described under Information on Denial of Claim above. If you do not agree with a claim decision, you or your representative may appeal the denial. The appeal must be in writing to us and include all information that pertains to the claim. No special form is needed. We will review your request and notify you or your representative of our decision within 30 working days of receiving the request.

### **Legal Action**

Legal action to obtain benefits under this Policy may not be started earlier than 60 days after required Proof of Loss has been filed with us. Further, no legal action may be started later than three years after required Proof of Loss was filed with us.

## **PAYMENT OF PREMIUM**

### **Premium Due Dates**

The first premium is due on the Policy Effective Date shown on the Benefit Schedule. After the first premium has been paid, premiums will be due in the amount and frequency shown on the premium statement that we will mail to you.

### **Payment Responsibility**

You are responsible for payment of all your premiums due while coverage is in force. Payment must be sent to us at our Long Term Care Administrative Office, or any other office that we may designate.

### **Unpaid Premium**

We may deduct any premium due and unpaid from any claim payment payable under this Policy.

### **Grace Period**

Except for the first premium, you will have 31 days after each due date to pay the premium due. This Policy remains in force during the Grace Period and during the period of time described below in the Unintentional Lapse provision.

### **Unintentional Lapse**

If your premium is not paid by the 30th day of the Grace Period, we will provide written notice to you and any individuals designated by you to receive notice of lapse due to nonpayment of premium. Notice will be sent at least 30 days before cancellation of your coverage. Notice shall be deemed to have been given as of five days after the mailing.

If your premium is not paid within 35 days after notice is sent, this Policy will lapse for nonpayment of premium.

## **Refund of Unearned Premium**

Upon your death, we will refund any unearned premium for this Policy on a pro-rata basis. We will make this refund in accordance with the Payment of Claims provision, within 30 days of receipt of proof of your death.

If you (both insureds in the case of joint coverage) request in writing to cancel this Policy, we will refund any unearned premium to you on a pro-rata basis. Cancellation will be effective upon receipt of your request or a later date specified by you. Cancellation will be without prejudice to any claim originating prior to the effective date of cancellation.

## **GENERAL POLICY PROVISIONS**

### **Misstatement of Age**

If your age is misstated on the application, we may, at any time, adjust your benefits to reflect your correct age.

### **Entire Contract; Changes**

This Policy, the attached application, plus any riders and additional attachments, is the entire contract. No insurance producer, employee, or person other than one of our officers has authority to change this Policy. Any change must be shown on your Policy and approved in writing.

### **Incontestability**

If this Policy has been in force for less than six months, upon a showing of misrepresentation that is material to the acceptance of coverage, we may rescind this Policy or deny an otherwise valid claim on this Policy.

If this Policy has been in force for at least six months, but less than two years, and if we can show the misrepresentation is both material to the acceptance of coverage and that it pertains to the condition for which benefits are sought, we may rescind this Policy or deny an otherwise valid claim on this Policy.

After this Policy has been in force for two years it is not contestable upon the grounds of misrepresentation alone. After two years, this Policy may be contested only upon a showing that you knowingly and intentionally misrepresented relevant facts relating to your health.

If we have paid benefits under this Policy and in the event this Policy is subsequently rescinded, we will not seek recovery of benefit payments made.

### **Policy Termination**

This Policy will terminate and your coverage will end on the earliest of:

- the date that the total of all benefits paid under this Policy is equal to the Benefit Amount shown on the Benefit Schedule;
- the date we receive a written request from the owner of the Policy (both owners in the case of joint coverage) to cancel this Policy (or a later date specified by you in the cancellation request);
- the date this Policy lapses for nonpayment of premium as described in the Unintentional Lapse provision; or
- the date of your death (last of your deaths in the case of joint coverage).

If this Policy provides joint coverage and only one of you has exhausted the Benefit Amount as described above, coverage will continue for the remaining insured as described in the Joint Coverage provision below.

Any termination of this Policy is subject to the Extension of Benefits provision and any riders shown on the Benefit Schedule providing nonforfeiture benefits.

### **Reinstatement – Lapse Due to Severe Cognitive Impairment or Functional Incapacity**

If your coverage has lapsed due to your Severe Cognitive Impairment or functional incapacity, your coverage may be reinstated without an application if:

- you or your representative requests reinstatement in writing within five months after termination of this Policy;

- we receive evidence satisfactory to us that you have a Severe Cognitive Impairment or functional incapacity; and
- we receive all past due and unpaid premiums.

This Policy will then be reinstated as of the date of lapse and both you and we shall have the same rights that existed prior to the due date of the premium in default.

### **Reinstatement – Lapse Due to Nonpayment of Premium**

Without requiring an application, we may accept your past due and unpaid premiums, up to one year after lapse. Those payments will reinstate this Policy and put it back in force.

If we require an application for reinstatement, your coverage may be reinstated within one year after lapse if:

- you complete the application for reinstatement;
- we receive all past due and unpaid premiums (for which we will give you a conditional receipt); and
- you are insurable under our underwriting rules in effect at the time you apply for reinstatement.

Reinstatement by application will be effective:

- on the date we approve your application; or
- on the 45th day following the date of the conditional receipt, if we have not previously declined your application in writing.

The reinstated Policy will cover only loss due to:

- sickness incurred more than 10 days after the date of reinstatement; and
- injury sustained after the date of reinstatement.

Upon reinstatement of this Policy, as of the date of lapse, both you and we shall have the same rights that existed prior to the due date of the premium in default. Premium rates for the reinstated Policy will be based on your original issue age.

### **Joint Coverage**

This Policy provides equal coverage for two persons if both apply and are issued coverage under this Policy. The name of each insured covered under this Policy is shown on the Benefit Schedule.

All benefits, Eligibility for the Payment of Benefits, Payment of Benefits, Elimination Periods, Benefit Amount and limitations or exclusions described in this Policy or shown on the Benefit Schedule apply to each insured individually and separately, unless otherwise noted.

When one of you dies (and we receive proof of death), or one of you exhausts your benefits or terminates coverage as described in the Policy Termination provision, coverage continues for the remaining insured. The new premium rate will be the premium that would have been charged for an individual Policy at the original issue age and risk class of the remaining insured. The premium will be based on the premium rate table in effect at the time of the death, exhaustion of benefits or termination. Any unearned portion of the difference between the current joint premium and the new premium will be refunded to the remaining insured (both insureds in the event of termination of coverage) on a pro-rata basis. The new premium for the continued coverage will be due on this Policy's next Premium Due Date. If the remaining insured provides written notification not to continue joint coverage, we will refund the unearned portion of the joint coverage premium on a pro-rata basis and coverage under this Policy will be terminated.

If each of you provides a written request for termination of joint coverage, we will convert this joint Policy to separate individual policies with the same coverage, effective on the next Premium Due Date, terminating this joint coverage on that date. Your converted coverage will be at the same premium rate that would have been charged for an individual Policy at your original issue age and risk class. The premium will be based on the premium rate table in effect on the date the conversion is effective. Each of you will have 30 days to examine the converted Policy. It may be returned to us or our insurance producer within 30 days after it is received. We will then refund any premium paid for the converted coverage and the Policy will be considered void from the date of conversion. Once joint coverage is terminated, the individual policies may not be converted back to joint coverage. Any applicable nonforfeiture benefits will be divided proportionately between the individual policies based on the individual premiums shown on the Benefit Schedule.

**Policy Ownership**

You (both insureds in the case of joint coverage) are the owner of this Policy unless otherwise provided in the application or changed by written request. While you are living, the owner may exercise every right and receive every benefit provided by this Policy. If the owner is not you and the owner dies while you are living, unless otherwise provided, all rights of the owner shall be transferred to the owner's executors or administrators.

**Assignment**

No assignment of interest under this Policy will be binding upon us unless the original or a copy of the assignment is filed with us at our Long Term Care Administrative Office. We do not assume any responsibility for the validity of an assignment.

**Conformity with State Statutes**

Any part of this Policy that, on the Policy Effective Date, conflicts with the laws of the state in which you reside on such date, is hereby amended to meet the minimum requirements of those laws.

**Assurity Life Insurance Company**

Home Office: Lincoln, Nebraska

Long Term Care Administrative Office

Post Office Box 4243

Woodland Hills, CA 91365-4243

(888) 505-3980

## **Compound Benefit Increase Rider**

This rider is part of your Policy. The Policy Effective Date for this rider is shown on the Benefit Schedule of the attached Policy. It is issued in consideration of your application and premium paid by you for this rider. All definitions, provisions, limitations or exclusions of the Policy apply to this rider unless changed by this rider.

### **Compound Benefit Increase**

On each Policy Anniversary Date, we will increase the Daily Benefit shown on the Benefit Schedule. The increase will be 5% of the previous year's Daily Benefit amount.

On each Policy Anniversary Date, we will also increase by 5% the remaining Benefit Amount and if shown on the Benefit Schedule, the Maximum Lifetime Caregiver Training Benefit and either the Maximum Benefit Amount with Restoration of Benefits (available only if you have selected the Restoration of Benefits Rider) or the remaining Shared Benefit Amount (available only if you have selected the Shared Benefit Amount Rider).

Benefits will continue to increase annually while the Policy is in force, including while you are receiving benefits under the Policy.

### **Your Right to a 30-Day Free Look Period**

If you are not satisfied with this rider, you may return it to our insurance producer or us within 30 days from the date you receive it. We will then refund any premium you have paid for this rider and this rider will be considered never to have been in effect.

**Read this rider carefully. It is a part of a legal contract between you and us.**

**Executed for the Company at its Home Office in Lincoln, Nebraska.**



President



Secretary



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## **First Day Home and Community Based Care Benefit Rider**

This rider is part of your Policy. The Policy Effective Date for this rider is shown on the Benefit Schedule of the attached Policy. It is issued in consideration of your application and premium paid by you for this rider. All definitions, provisions, limitations or exclusions of the Policy apply to this rider unless changed by this rider.

### **First Day Coverage**

We will waive any Elimination Period required for Home and Community Based Care benefits. If you otherwise satisfy the Payment of Benefits provision under the Policy for Home and Community Based Care, no Elimination Period will be required and benefits will be payable on the first day you are qualified to receive benefits.

Home and Community Based Care benefits payable as a result of this rider's waiver of the Elimination Period will not count towards the satisfaction of the required Elimination Period for Facility Care or any other benefits under the Policy or attached riders.

### **Your Right to a 30-Day Free Look Period**

If you are not satisfied with this rider, you may return it to our insurance producer or us within 30 days from the date you receive it. We will then refund any premium you have paid for this rider and this rider will be considered never to have been in effect.

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**Facility Care Only Indemnity Benefit Rider**

This rider is part of your Policy. The Policy Effective Date for this rider is shown on the Benefit Schedule of the attached Policy. It is issued in consideration of your application and premium paid by you for this rider. All definitions, provisions, limitations or exclusions of the Policy apply to this rider unless changed by this rider.

**Facility Care Only Indemnity Benefit**

After you satisfy the Payment of Benefits provision under the Policy for Facility Care, the amount payable for Qualified Long Term Care Services will be equal to the full Daily Benefit shown on the Benefit Schedule for Facility Care, regardless of actual charges incurred by you for such care.

The Nonduplication of Benefits provision will no longer apply to expenses that are reimbursable under Medicare.

You should consult with your professional tax advisor regarding the possible tax implications of purchasing this Indemnity Benefit Rider.

**Your Right to a 30-Day Free Look Period**

If you are not satisfied with this rider, you may return it to our insurance producer or us within 30 days from the date you receive it. We will then refund any premium you have paid for this rider and this rider will be considered never to have been in effect.

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**Facility Care and Home and Community Based Care Indemnity Benefit Rider**

This rider is part of your Policy. The Policy Effective Date for this rider is shown on the Benefit Schedule of the attached Policy. It is issued in consideration of your application and premium paid by you for this rider. All definitions, provisions, limitations or exclusions of the Policy apply to this rider unless changed by this rider.

**Facility Care and Home and Community Based Care Indemnity Benefit**

After you satisfy the Payment of Benefits provision under the Policy for either Facility Care or Home and Community Based Care, benefits payable to you for Qualified Long Term Care Services will be equal to the full Daily Benefit shown on the Benefit Schedule for Facility Care and Home and Community Based Care, regardless of actual charges incurred by you.

The Nonduplication of Benefits provision will no longer apply to expenses that are reimbursable under Medicare.

You should consult with your professional tax advisor regarding the possible tax implications of purchasing this Indemnity Benefit Rider.

**Your Right to a 30-Day Free Look Period**

If you are not satisfied with this rider, you may return it to our insurance producer or us within 30 days from the date you receive it. We will then refund any premium you have paid for this rider and this rider will be considered never to have been in effect.

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## Restoration of Benefits Rider

This rider is part of your Policy. The Policy Effective Date for this rider is shown on the Benefit Schedule of the attached Policy. It is issued in consideration of your application and premium paid by you for this rider. All definitions, provisions, limitations or exclusions of the Policy apply to this rider unless changed by this rider.

**Restoration of the Benefit Amount**

Benefits we pay during a Single Claim Period will not exceed the Benefit Amount shown on the Benefit Schedule and coverage will terminate as described in the Policy under the Policy Termination provision. However, we will restore the Benefit Amount if for a period of 180 consecutive days:

- the Policy is in force;
- you do not satisfy the Eligibility for the Payment of Benefits provision (because you have recovered); and
- you have not received benefits under the Policy.

Benefits will be restored up to a maximum of twice the original Benefit Amount shown on the Benefit Schedule.

Subject to the additional terms as described in the Policy under the Policy Termination provision, your coverage will end on the date the total of all benefits paid under the Policy is equal to the Maximum Benefit Amount with Restoration of Benefits.

If the Policy provides joint coverage and only one of you has exhausted the Maximum Benefit Amount with Restoration of Benefits, coverage will continue for the remaining insured as described under the Joint Coverage provision in the Policy.

**Your Right to a 30-Day Free Look Period**

If you are not satisfied with this rider, you may return it to our insurance producer or us within 30 days from the date you receive it. We will then refund any premium you have paid for this rider and this rider will be considered never to have been in effect.

**Read this rider carefully. It is a part of a legal contract between you and us.**

**Executed for the Company at its Home Office in Lincoln, Nebraska.**



President



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## **Full Return of Premium Rider**

**Benefits are payable upon termination of the Policy only as a result of death (second to die in the case of joint coverage).**

This rider is part of your Policy. The Policy Effective Date for this rider is shown on the Benefit Schedule of the attached Policy. It is issued in consideration of your application and premium paid by you for this rider. All definitions, provisions, limitations or exclusions of the Policy apply to this rider unless changed by this rider.

### **Full Return of Premium**

If you (both insureds in the case of joint coverage) die while the Policy and this rider are in force, the total of premiums paid for the Policy and any attached riders will be paid to your Beneficiary. There will be no additional refund of premiums as described under the Refund of Unearned Premium provision in the Policy.

### **Your Right to a 30-Day Free Look Period**

If you are not satisfied with this rider, you may return it to our insurance producer or us within 30 days from the date you receive it. We will then refund any premium you have paid for this rider and this rider will be considered never to have been in effect.

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## Shared Benefit Amount Rider

This rider is part of your Policy. The Policy Effective Date for this rider is shown on the Benefit Schedule of the attached Policy. It is issued in consideration of your application and premium paid by you for this rider. All definitions, provisions, limitations or exclusions of the Policy apply to this rider unless changed by this rider.

**Shared Benefit Amount**

In the event either or both of you exhaust your Benefit Amount under the Policy and you otherwise satisfy the Payment of Benefits provision, a joint Shared Benefit Amount will become accessible to you. The Shared Benefit Amount will be equal to the Benefit Amount shown on the Benefit Schedule and will be payable for covered Qualified Long Term Care Services you receive. This Shared Benefit Amount may be accessed by either or both insureds while there is a remaining Shared Benefit Amount available.

Payment will be the actual daily Facility Care or Home and Community Based Care charges you incur, up to the Daily Benefit shown on the Benefit Schedule. We will subtract benefits we pay from the Shared Benefit Amount.

Subject to the additional terms as described in the Policy Termination provision of the Policy, your coverage will end on the date the total of all benefits payable under the Shared Benefit Amount shown on the Benefit Schedule have been paid to you. If only one of you has exhausted the Shared Benefit Amount and the other insured has a remaining Benefit Amount payable under the Policy, coverage will continue for that insured as described in the Joint Coverage provision of the Policy.

If one of you dies or terminates coverage as described in the Policy Termination provision of the Policy, any benefits remaining under the Shared Benefit Amount will be payable to the remaining insured, subject to the conditions outlined above. If each of you elects to convert joint coverage to separate individual policies as described under the Joint Policy provision, you will both have the option of including fifty percent of the remaining Shared Benefit Amount in your individual policy. Premium for the additional benefit will be included in each converted policy.

**Your Right to a 30-Day Free Look Period**

If you are not satisfied with this rider, you may return it to our insurance producer or us within 30 days from the date you receive it. We will then refund any premium you have paid for this rider and this rider will be considered never to have been in effect.

**Read this rider carefully. It is a part of a legal contract between you and us.**

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## Simple Benefit Increase Rider

This rider is part of your Policy. The Policy Effective Date for this rider is shown on the Benefit Schedule of the attached Policy. It is issued in consideration of your application and premium paid by you for this rider. All definitions, provisions, limitations or exclusions of the Policy apply to this rider unless changed by this rider.

**Simple Benefit Increase**

On each Policy Anniversary Date, we will increase the Daily Benefit shown on the Benefit Schedule. The increase will be 5% of the original dollar amount issued to you.

On each Policy Anniversary Date, we will also increase by the same proportion as the increase in the Daily Benefit, the remaining Benefit Amount and if shown on the Benefit Schedule, the Maximum Lifetime Caregiver Training Benefit and either the Maximum Benefit Amount with Restoration of Benefits (available only if you have selected the Restoration of Benefits Rider) or the remaining Shared Benefit Amount (available only if you have selected the Shared Benefit Amount Rider).

Benefits will continue to increase annually while the Policy is in force, including while you are receiving benefits under the Policy.

**Your Right to a 30-Day Free Look Period**

If you are not satisfied with this rider, you may return it to our insurance producer or us within 30 days from the date you receive it. We will then refund any premium you have paid for this rider and this rider will be considered never to have been in effect.

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## Shortened Benefit Period Nonforfeiture Rider

This rider is part of your Policy. The Policy Effective Date for this rider is shown on the Benefit Schedule of the attached Policy. It is issued in consideration of your application and premium paid by you for this rider. All definitions, provisions, limitations or exclusions of the Policy apply to this rider unless changed by this rider.

### Shortened Benefit Period

If your Policy has been in force for three or more years (or you have paid the equivalent of 3 lifetime annual premiums) and your Policy lapses for nonpayment of premium as described under the Grace Period and Unintentional Lapse provisions of the Policy:

- Your coverage will continue and benefits will be payable based on the Daily Benefit shown on the Benefit Schedule (and any subsequent increases due to a Benefit Increase Rider) in effect on the date of lapse. No further benefit increases will occur under any Benefit Increase Rider, if attached to the Policy.
- The new Benefit Amount becomes equal to the greater of: (a) the total of premiums paid for the Policy and all riders with no deduction for any benefits already received under the Policy and riders; or (b) 30 times the Daily Benefit in effect on the date of lapse. This new Benefit Amount replaces the Benefit Amount in effect on the date of lapse. Any benefits paid to you after the Policy lapses will be subtracted from this new Benefit Amount.
- Your coverage under this rider is subject to the same Policy benefit provisions, Elimination Period, limitations or exclusions and all other provisions of the Policy and riders that were in effect prior to Policy lapse, except any Benefit Increase Rider, if attached to the Policy. In no event may the Benefit Amount payable exceed the Benefit Amount shown on the Benefit Schedule.

### Your Right to a 30-Day Free Look Period

If you are not satisfied with this rider, you may return it to our insurance producer or us within 30 days from the date you receive it. We will then refund any premium you have paid for this rider and this rider will be considered never to have been in effect.

**Read this rider carefully. It is a part of a legal contract between you and us.**

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## **Monthly Home and Community Based Care Benefit Rider**

This rider is part of your Policy. The Policy Effective Date for this rider is shown on the Benefit Schedule of the attached Policy. It is issued in consideration of your application and premium paid by you for this rider. All definitions, provisions, limitations or exclusions of the Policy apply to this rider unless changed by this rider.

### **Monthly Home and Community Based Care Benefit**

This rider changes the Daily Benefit to a Monthly Benefit when paid for Home and Community Based Care. If you satisfy the Payment of Benefits provision under the Policy for Home and Community Based Care, we will pay the actual Home and Community Based Care expenses you incur during any calendar month, up to the Daily Benefit shown on the Benefit Schedule times the actual number of days in that calendar month.

### **Your Right to a 30-Day Free Look Period**

If you are not satisfied with this rider, you may return it to our insurance producer or us within 30 days from the date you receive it. We will then refund any premium you have paid for this rider and this rider will be considered never to have been in effect.

**Read this rider carefully. It is a part of a legal contract between you and us.**

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President



Secretary





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## Home and Community Based Care Waiver of Premium Benefit Rider

This rider is part of your Policy. The Policy Effective Date for this rider is shown on the Benefit Schedule of the attached Policy. It is issued in consideration of your application and premium paid by you for this rider. All definitions, provisions, limitations or exclusions of the Policy apply to this rider unless changed by this rider.

**Definition**

**Service Days** means each day on which you receive Home and Community Based Care visits, regardless of the number of visits received during that day.

**Home and Community Based Care Waiver of Premium Benefit**

After you (either insured in the case of joint coverage) have received Home and Community Based Care for 90 Service Days and you satisfy the Eligibility for the Payment of Benefits provision under the Policy, no further premiums will be due following the 90th Service Day. The 90 Service Days need not be consecutive but must be satisfied during a Single Claim Period. If you accumulate fewer than 90 days of confinement in a Nursing Facility or an Assisted Living Facility and do not qualify for Waiver of Premium under the Policy, we will credit any days accumulated under the Policy, during a Single Claim Period, toward satisfaction of the 90 Service Day period described above.

Once you are eligible for Waiver of Premium, no further premiums will be due until you no longer satisfy the Eligibility for the Payment of Benefits provision (because you have recovered and you are not receiving benefits under the Policy for Home and Community Based Care, or confinement in a Nursing Facility or Assisted Living Facility). Premium payments will again become payable on the next renewal date. Any new Single Claim Period will be subject to a new 90 Service Day period as described above.

If you accumulate fewer than 90 Service Days as described above and do not qualify for Waiver of Premium under this rider, we will credit any Service Days accumulated during a Single Claim Period toward satisfaction of the 90 day period described under the Waiver of Premium provision under the Policy.

**Your Right to a 30-Day Free Look Period**

If you are not satisfied with this rider, you may return it to our insurance producer or us within 30 days from the date you receive it. We will then refund any premium you have paid for this rider and this rider will be considered never to have been in effect.

**Read this rider carefully. It is a part of a legal contract between you and us.**

**Executed for the Company at its Home Office in Lincoln, Nebraska.**

  
President  
Secretary





Long Term Care Administrative Office  
21600 Oxnard Street, Suite 1500  
Mailing Address: Post Office Box 4243  
Woodland Hills, CA 91365-4243

An Assurity Security Group Inc. Company  
(888) 505-3980 • Fax (818) 887-4595

[DATE]

[INSURED NAME]  
[INSURED ADDRESS]  
[CITY, STATE, ZIP]

### NOTICE OF PREMIUM RATE INCREASE

Re: Assurity Life Insurance Company ("Assurity Life") Long-Term Care Insurance  
[POLICY NUMBER]

Dear Policyholder(s),

#### **What is Happening**

We are writing to inform you of an upcoming premium increase of our long-term care policies, which will impact your current policy with our company.

To help ease the impact of this rate increase, we'll implement the increase in stages according to the schedule outlined below. We'll send you a notification letter in advance of each scheduled increase.

The first increase will be effective [Month XX, 20YY], your next policy anniversary date. As a result, your [modal] premium payment will increase from [\$xxx.xx to \$yyy.yy], beginning with the premium payment that is due [Month XX, 20YY]. Your premium will also increase effective [Month XX, 20YY+1] and [Month XX, 20YY+2].

Anniversary	[Modal] Premium	Increase
[Month XX, 20YY]	[xxxx.xx]	[xx.x%]
[Month XX, 20YY+1]	[yyyy.yy]	[yy.y%]
[Month XX, 20YY+2]	[zzzz.zz]	[zz.z%]

Instead of paying the higher premiums, you can choose to change your policy's benefits or features. We've listed your options on the next page.

**[If you have qualified for Waiver of Premium, your premiums will continue to be waived at the higher amount. Should premiums again become due on your policy, your billing notice will reflect the increased premium; should this occur, you are welcome to contact our customer service associates to discuss the options available to you that may help offset the increase in premium.]**

#### **Why it's Happening**

Many factors have changed that impact the price of long-term care policies. For example, long-term care costs are rising, and people need long-term care longer because they're living longer. For these reasons, we're paying higher amounts of benefits. We need to increase premiums to keep up with costs.

You're not being singled out for a premium increase because of changes in the insured's age, health, claims history, or other individual characteristics. Please be assured that this premium increase applies to all policyholders in your state under the same Long Term Care Insurance Policy form no. AL2100P and in no way affects the integrity of your policy. If you have other Assurity policies, their premiums will not change.

Your long-term care insurance policy is guaranteed renewable. It means as long as you pay your premium, we cannot cancel or refuse to renew your policy, but we may increase premium rates. As such your premiums may increase again in the future.

### **What are My Options**

The following grid provides information on your current (as of the Policy Anniversary Date) long term care insurance policy and details regarding the change to your policy's premium:

Benefit Period	[Lifetime]
Daily Benefit Amount	[\$9,999.99]
Elimination Period	[90 days]
Inflation Protection	[None]
Your Old [Mode] Premium	[\$999.99]
Your New [Mode] Premium	[\$999.99]
Percentage Increase in Premium	[999.9%]
Effective Date of New Premium	[MM/DD/CCYY] (Policy Anniversary Date)

We understand that a premium increase may be difficult, and we are committed to helping you understand your options so that you can make the best decision for your personal situation. A long-term care policy is an important part of a sound financial plan. Please consider which option best meets your needs. Before you adjust your benefits or decide to forgo this coverage completely, you should discuss options with your financial advisor. Please keep in mind if you reduce your benefits, you will be unable to increase them in the future.

- **Benefit Amount Reduction:** By reducing your daily maximum benefit from [\$xxx.xx to \$yyy.yy], your [modal] premium would be [\$zzz.zz]. This is approximately the same rate you are currently paying for your policy. If your policy provides home and community-based care benefits, that daily benefit is reduced accordingly.
- **Benefit Period or Elimination Period Adjustments:** By adjusting other policy features, you may be able to reduce your premiums. These adjustments include lengthening your elimination period or shortening your overall maximum benefit period. The elimination period is the time during which you would be otherwise eligible for benefits but before you begin to receive payments. Depending on your needs, these adjustments may provide a better alternative than reducing your daily maximum benefit.
- **Review potential removal of riders:** Each rider included with your policy can be assessed for impact on the premium and your current and future coverage needs.
- **[Nonforfeiture Option:** If you find that you are unable or unwilling to pay any further premiums on your policy, you may elect to exercise the nonforfeiture option provided by your policy. Under this option, if you choose not to pay any future premiums, your policy would lapse but coverage would continue according to the terms of your nonforfeiture rider. This option will automatically be provided if your policy lapses for non-payment of premium.]
- **[Contingent Benefit Upon Lapse Option:** Under this option, if you choose not to pay any future premiums, and your policy lapses within 120 days of the rate increase effective date, [Month XX, 20YY], you may convert your policy to a paid-up status with reduced benefits and no future premiums will be due. The policy will continue under its current terms, but the benefits payable under the policy will be limited to an amount equal to the premiums you have paid into your policy, or 30 times the daily benefit on the rate increase effective date, whichever is greater. In no event will the benefits under this

option exceed the maximum benefits that would be payable if the policy remained in a premium paying status. No further benefit increases will occur under any Benefit Increase Rider, if attached to the policy. By exercising a Contingent Benefit Upon Lapse option, you may significantly reduce your policy benefits. Therefore, careful consideration is strongly recommended.]

**All reduction options are not of equal value. In the case of a partnership policy, some benefit reduction options may result in a loss in partnership status that may reduce policyholder protections.**

In the event of future rate increases, similar options will be made available at the time. You also have the option to reduce benefits at any time not just at the time of a rate increase. You have the right to a revised premium or rate schedule upon request.

Should you wish to continue your policy at its current coverage level at the increased premium, you only need to pay the indicated premium when you are billed. No further action is required.

If you would like information on alternatives to the policy changes specified on the enclosed Coverage Change Request Form, please contact customer service at the number listed at the end of this letter. They will be able to provide you with more information on possible benefit adjustment alternatives and the premium impact.

If you choose to modify your coverage at this time, please complete the enclosed Coverage Change Request Form and return it to the indicated address by [Month, XX, 20YY]. In doing so, you will ensure your requested changes are processed prior to [Month XX, 20YY], the date on which the premium increase for your policy takes effect.

Please note your coverage will lapse if your Coverage Change Request Form is not received prior to [Month XX, 20YY] and if the increased premium is not received by the end of the grace period provided by your policy.

**If you have questions about this letter, the premium increase, the attached Coverage Change Request Form or the options available to you, please contact our customer service associates at 888-505-3980, Monday through Friday, from 7 a.m. to 5 p.m. Pacific Time.**

Sincerely,

Tara Benson  
Vice President  
Assurity Life Insurance Company

Enclosures:  
Coverage Change Request Form  
Business Reply Envelope



Long Term Care Administrative Office  
21600 Oxnard Street, Suite 1500  
Mailing Address: Post Office Box 4243  
Woodland Hills, CA 91365-4243

*An Assurity Security Group Inc. Company*  
(888) 505-3980 • Fax (818) 887-4595

[DATE]

[INSURED NAME]

[INSURED ADDRESS]

[CITY, STATE, ZIP]

### COVERAGE CHANGE REQUEST FORM

Re: Your Long-Term Care Insurance [POLICY NUMBER]

If you elect to modify your existing coverage in order to offset the upcoming premium increase on your policy, please indicate as such below and return this form in the enclosed postage paid envelope to:

Assurity Life Insurance Company  
Long Term Care Administrative Office  
P.O. Box 4243  
Woodland Hills, CA 91365-4243

To ensure that your requested changes are received and processed prior to the date upon which your premium increase takes effect, please return this form by [Month XX, 20YY]. Please note your coverage will lapse if your Coverage Change Request Form is not received prior to [Month XX, 20YY] and if the increased premium is not received by the end of the grace period provided by your policy.

It is important that you make any policy changes after careful consideration of your personal needs and circumstances as you will not be able to increase coverage under your policy in the future.

**If you wish to discuss the options listed on the next page, please contact your agent or our office at 888-505-3980.**

Please indicate your choice by checking one of the options below. If you do not check any option or do not return this form, there will be no changes to your policy other than the premium rate increase described in the attached letter.



Long Term Care Administrative Office  
21600 Oxnard Street, Suite 1500  
Mailing Address: Post Office Box 4243  
Woodland Hills, CA 91365-4243

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Please return no later than the Policy Anniversary Date: [MM/DD/CCYY]

**IMPORTANT:** You can only choose one election on this form. The new premium amounts shown are based on only one change taking effect on the Policy Anniversary Date of [MM/DD/CCYY].

☐ **Reduce the Daily Benefit Amount**

[Current DBA as of [MM/DD/CCYY]]	Available Options	New [Mode] Premium	Policy Change Election
[\$9,999.99]	[\$9,999.99]	[\$99,999.99]	[ ]

[Your policy is already at the minimum allowed in your state, therefore this option is not available to you.]

☐ **Reduce the Benefit Period**

[Current Benefit Period]	Available Options	New [Mode] Premium	Policy Change Election
[Lifetime]	[10 Year]	[\$99,999.99]	[ ]
	[6 Year]	[\$99,999.99]	[ ]
	[5 Year]	[\$99,999.99]	[ ]
	[4 Year]	[\$99,999.99]	[ ]
	[3 Year]	[\$99,999.99]	[ ]
	[2 Year]	[\$99,999.99]	[ ]

[Your policy is already at the minimum allowed in your state, therefore this option is not available to you.]

☐ **Extend the Elimination Period**

[Current Elimination Period]	Available Options	New [Mode] Premium	Policy Change Election
[0 day]	[30 day]	[\$99,999.99]	[ ]
	[90 day]	[\$99,999.99]	[ ]
	[180 day]	[\$99,999.99]	[ ]

[Your policy is already at the maximum allowed in your state, therefore this option is not available to you.]

☐ Review potential removal of riders. Please contact your agent or our office at **888-505-3980**.

[

☐ Exercise the paid-up option with a reduced benefit amount through the **Non-Forfeiture Rider** provided by my policy.

**Please note:** Please refer to the specific rider attached to the policy for additional details regarding the rider terms. By exercising this option, your benefit amount will be replaced with the amount specified in your rider.

]





Long Term Care Administrative Office  
21600 Oxnard Street, Suite 1500  
Mailing Address: Post Office Box 4243  
Woodland Hills, CA 91365-4243

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(888) 505-3980 • Fax (818) 887-4595

- [  
☐ Exercise the paid-up option with a reduced benefit amount through **Contingent Benefit Upon Lapse Option** provided by the Company.

**Please note:** As this paid-up option starts on the effective date of the premium increase, you must continue coverage to that date by paying the required premiums. No additional premium will be due after that date.

]

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Signature of Policyholder

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Date Signed

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Signature of Joint Policyholder (if applicable)

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Date Signed